

Interview with Timothy E. Deal

The Association for Diplomatic Studies and Training Foreign Affairs Oral History Project

TIMOTHY E. DEAL

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Initial interview date: November 8, 2004

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Q: I know you came into the Foreign Service in 1965, but why don't you tell us a little about where you grew up, your education, and what brought you to the Foreign Service.

DEAL: I was born in 1940 in St. Louis, Missouri and, with the exception of one year in Portland, Oregon during the war years (my father worked out there), lived there until 1947 when my family moved to California. In 1947-48, we moved to several places in the Los Angeles area before finally settling down in Long Beach, California. I was in the third grade then. We stayed in Long Beach until my high school years when we moved to Los Alamitos in Orange County. I attended St. Anthony's Grammar School and later St. Anthony's High School in Long Beach, where I graduated in 1958. That same year I enrolled at the University of California at Berkeley, graduating in 1962 with a BA in Political Science. At that time, Reserve Officer Training (ROTC) was mandatory at Berkeley (at least for my first two years there). Knowing that I was likely to be drafted upon completion of college, I chose to take four years of ROTC and was commissioned a Second Lieutenant in 1962.

Q: In the Army?

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DEAL: Yes, I was a Lieutenant in Army Intelligence. Before entering the Army, I obtained a deferment to go to law school. In the fall of 1962, I entered Boalt Hall Law School at the University of California at Berkeley. Unfortunately, from day one, I hated the study of law. I was unhappy and decided that Boalt was not right for me. Over the Christmas holiday I decided to quit law school and asked the Army to call me up for active duty as soon as possible. I entered the Army in February 1963 for a two-year tour of duty. Training occupied the first six months of my tour. I went first to the Infantry Officer's School at Fort Benning, Georgia since at that time Army Intelligence was a Reserve Branch, and it was necessary to be trained first in one of the combat arms. I chose Infantry. After nine weeks at Fort Benning, I went north to Fort Holabird in Baltimore, Maryland for Counterintelligence training. After four months of training there, I was assigned to the Presidio of San Francisco for the remaining eighteen months of my Army tour.

During my first week back in California, I met my future wife Jill at a party in Berkeley. She was a senior in the University, but I did know her during my undergraduate days. We began dating in the fall of 1963 and were married in September 1964, while I was still in the Army. I served in the Intelligence Section of the Sixth Army, which had its headquarters at the Presidio of San Francisco. The head of the Section was Colonel Al Hoffman, who had been Military Attach# in Thailand and thus was knowledgeable about the Foreign Service. Midway through my tour he asked me what I was going to do after the Army, and I told him I had not really given it a lot of thought. He said, "Why don't you take the Foreign Service exam?" I thought that sounded interesting because I remember taking courses at Berkeley in American foreign policy, but I never thought I could pass the State Department exams. So I had not considered the diplomatic service a realistic career possibility. But I went ahead and took the written exam and, to my surprise, passed it, and then.....

Q: Took it in San Francisco?

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DEAL: Yes, in San Francisco, and then in the fall of 1964 I took the oral exams and I passed them as well.

Q: Took those also in San Francisco?

DEAL: In San Francisco, right. And then we had to endure a long waiting process before I actually entered the Foreign Service. Jill and I lived moderately well on my Lieutenant's salary, but those paychecks stopped in February 1965. So I had to find some way to make financial ends meet. I accepted an offer to be a paid Research Assistant in the Political Science Department of San Francisco State, where I had taken some graduate courses at night. I had no intention of working for an advanced degree, but I could not be certain wheand il would join the Foreign Service. To hedge my bets and while I was still in the Army, I contacted the CIA to see about their officer program. The Agency was quick to respond, perhaps because of my Intelligence experience. In any event, I took the CIA entry examination. Their process went very quickly. In February or March of 1965, I went to Langley for the Agency's three grueling days of psychological and other tests. I did not know at the time whether I had passed, but just two weeks after returning to California I was offered a position in the CIA. I asked Agency officials if I could defer entry until the fall of 1965. I wanted some additional time to let the State Department process run its course. The CIA agreed. Jill did not like the idea of my joining the CIA, but we were running out of options and money. Finally, in June I received notification that the Department had completed all the processing and I was asked if I would like to compete for the August 1965 class.

Q: Foreign Service?

DEAL: Yes, the Foreign Service. And so I wrote back "Yes, I'd like to compete" and then a few weeks later I received notice that I was accepted for that particular class. I declined the CIA offer. And so that is how I came to the Foreign Service.

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Q: Well, this is your oral history interview and not mine but I'll just comment that my family moved from Cleveland, Ohio to Berkeley when I was seven years old and I grew up in California also (in Berkeley and then Santa Cruz). But I didn't go to the University of California and I didn't have any discussions with CIA.

Ok, so you entered the State Department, the Foreign Service, did the A-100 introductory course beginning in 1965, which I think innumerable people in this program have discussed. I don't know if there's anything you particularly want to say about your experience with the orientation course.

DEAL: I thought it was kind of "bare-bones" at the time, but in many respects, since I didn't have that much knowledge about the inner-workings of the Foreign Service and the State Department, I thought it was a reasonable introduction to the work. And language training followed that.....

Q: And what language training did you have?

DEAL: Spanish, because in the A-100 course I was assigned to Tegucigalpa, Honduras. The reason I chose Latin America (or at least a Spanish-speaking post) was because, at that time the Department did not send first-tour officers to the Communist world, which was my area of interest, especially Eastern Europe. I also had some doubts about my language ability and had taken some Spanish in college so I thought that would be the easier course.

Q: And you received a proficiency level 3/3 when you finished that?

DEAL: No, not at the time. I received my 3/3 proficiency during my first year in Honduras, actually a few months after my arrival.

Q: And in Honduras and Tegucigalpa, I see that you were in the central complement rotation; did you do mainly consular work?

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DEAL: I started off with a four-month assignment in the Consular Section. The program was designed to give entering officers some experience in and exposure to all the major sections of the Embassy. After my tour in the Consular Section, I moved over to AID [United States Agency for International Development], working for the program director for a four-month period. I'm not sure whose idea that was, but it was an interesting excursion since I could see up close what AID did. I learned quite a bit about the development aspects of their programs and the economic work associated with them. That experience helped me when I moved into the Embassy's Economic Section.

After the tour in AID, I went to the Administrative Section where I was acting Personnel Officer for about three months. During that time, the Department announced that it was ending the central complement program and first-tour officers would be moving into regular positions. I subsequently received notice that I was being assigned to a consular position in Merida, Mexico. That would have been in 1967.

Q: That would have been a direct transfer?

DEAL: Yes, but there was a vacancy in the Economic Section....

Q: In Tegucigalpa?

DEAL: In Tegucigalpa. And that seemed to me a more interesting possibility. Jill was pregnant at that time so the assignment for both personal and professional reasons seemed a good choice. I moved into the Economic Section after completion of my administrative tour.

Q: When you entered the Service in 1965, were you given a career "cone" at entry?

DEAL: I don't recall if we were given a cone. If anything, I would have wanted to be a political officer. That was my academic background and interest. I don't know if there was such a program then.

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Q: I don't remember what year that started.

DEAL: I don't either.

Q: Because you certainly were an Economic Officer later on, but we can talk about that as we go ahead. So you finished out your tour in Tegucigalpa in the Economic Section?

DEAL: Yes, I did.

Q: You were there about a year?

DEAL: It was probably about 15 months in the Economic Section. The Department added a few months to my original two-year tour of duty.

Q: And it was a two-man section, you said?

DEAL: Yes.

Q: And you did commercial work, as well as economics?

DEAL: I did some commercial work because there was only one officer in the Commercial Attach#s office, so I filled in for him on a number of occasions. Also, because the Consular Section had only one officer, I did consular work while the Consul was gone (and he was gone a lot). So I shuttled back and forth between the Economic and Commercial Sections and the Consulate.

Q: Sounds like a pretty good first assignment in the sense that you had the chance to do several different things, have some responsibility (being "acting" this and that); is that how you would feel?

DEAL: I thought so. I must say the embassy was very good to me in the sense that I was their first central complement officer, so they had devised an interesting program of

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rotation. Because of my assignment to a permanent position in the Economic Section, I did not rotate to the Political Section. Still, I saw how a mid-sized embassy in that part of the world functioned, and I believe I gained a lot from the experience.

Q: Were there other junior officers at post or were you the only one?

DEAL: No, there was one who followed me, an officer named Ray Pardon with whom I became close friends.

Q: Followed you in the sense that you were still there?

DEAL: Yes, he was assigned to post as a central complement officer, but he too was caught up in the program change, and he spent most of his tour in the Political Section.

Q: Who was the Ambassador at that time?

DEAL: Joseph John Jova was the Ambassador the whole time I was there. Jean Wilkowski was Deputy Chief of Mission (DCM).

Q: What did you do in the Economic Section?

DEAL: I did basic economic reporting. In addition, we helped with the economic analysis of AID program documents since they did not have their own economists. In terms of economic reporting, I did unearth a scandal involving illegal exports of coffee. At that time, the U.S. was a party to the International Coffee Agreement. Honduran producers were engaged in illegal trafficking of coffee contrary to the agreement, which we discovered and which was confirmed by other posts in the region.

Q: I worked for Jean Wilkowski a little later in Rome in the early '70's (not too much later) and I seem to recall her describing vividly a soccer war between Honduras and what, El Salvador?

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DEAL: Yes, that was after my time.

Q: After your time.

DEAL: But it did tell you something about the nature of politics in that region, namely, that you could go to war over a soccer match. Of course, the root cause of that war stemmed from the traditional animosity between Honduras and El Salvador, with the Hondurans strongly resentful of the illegal migration of Salvadorians into Western Honduras.

Q: Anything else that you would want to talk about in connection with your first assignment in Honduras?

DEAL: One of the more amusing things I recall at least in retrospect concerned officer efficiency reports. You may remember that at that time you received two efficiency reports, one you saw at post and another that was available for viewing only in Washington. The latter was, for all practical purposes, the “real report.” In any event, during an inspection of the Embassy, one of the inspectors showed me excerpts of a reviewing statement made by DCM Wilkowski regarding my wife Jill. Of course, in later years you were not permitted to say anything about the actions or activities of other family members. In her report Wilkowski said that my wife had the annoying habit of raising “substantive issues”, e.g. Vietnam, with officers at cocktail parties, which was hardly surprising for a Berkeley graduate. She thought Jill might be less intense “once she had a few babies.” The inspector noted in his report that “Mr. Deal was uncharacteristically negative” about the comments made by Wilkowski.

Q: You wondered which officer she annoyed, maybe Jean?

DEAL: I have no idea.

Q: Well, that's kind of a strange comment, I would think (even then).

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DEAL: Yes, it was.

This might be a good point to say a few words about our personal life in Tegucigalpa. On arriving at post, we moved in for several weeks into the incredibly seedy Hotel Savoy, an institution right out of a Graham Greene novel. We then moved to a house in the city which was adequate, but virtually unlivable because of the constant barking of dogs all night and the rather sickening spectacle of army ants marching non-stop through our bathroom. Eventually, we moved to a small house above Tegucigalpa, which was located in a coffee finca. At an altitude of about 4,500 feet, it was comfortable year round.

At the beginning of my tour, Jill taught English at the national university. A violent student strike over the grading system brought that project to an end. Jill, who was a qualified English teacher, then took a job with the American High School.

Our first son, Chris, was born in Tegucigalpa in 1967. There is a story associated with his birth worth repeating. About one week before Jill entered the Policlinica hospital to give birth to Chris, there was a bloody shootout in a local bar between the head of the Departamento de Investigaci#n Nacional (DIN), the local equivalent of the FBI, and a member of the Cuerpo Especial de Seguridad (CES), the security police. The DIN head shot and killed the CES agent, but was wounded by gunfire. The man from DIN was taken to the Policlinica for treatment. While in the hospital, a group of CES agents broke into what they believed was the DIN man's room and machine-gunned and stabbed the body to death. With typical Honduran efficiency, they got the wrong man. They killed the son of a military zone commander, who was in the hospital for a minor operation. Of course, there was revenge on the CES team once they were caught. I don't know exactly how or when that particular string of violence ended.

Q: That's a memorable incident to say the least. Then after Tegucigalpa, you went to Polish language training at the Foreign Service Institute (FSI); that was a ten-month program. Did you have an onward assignment already when you went into that program?

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DEAL: I had an assignment to the Embassy in Warsaw, but not to any particular position. Most first or second-tour officers assigned to hard language training generally expected to serve in the Consular Section (that was certainly my expectation). But near the end of the language program, I was told that I would be assigned as General Services Officer (GSO), the first language officer in that position in the Embassy. I was very unhappy about that assignment. I did not want to be the GSO, and that was one of several times in my career where I thought maybe I should get out of this business. But I went ahead and took the GSO course and went to Warsaw. It turned out to be a good experience and a good choice, primarily because the people I worked with were talented and capable.

By the way, our trip to Warsaw was truly memorable. We were on one of the last voyages of the SS United States. We sailed from New York for Bremerhaven, Germany via Le Havre and Southampton. It was a five-day journey. Jill and I had a great time. However, our son Chris, who was two, refused to eat. The waiters tried to tempt him with all sorts of goodies but to no avail. (While in Washington during language training he went through a period when he would eat only Swanson chicken potpies).

After arriving in Bremerhaven, we took the train to Munich where we picked up a brand new BMW 1600 from the factory. We then drove to Warsaw via Vienna, Brno, and Krakow. We passed through Czechoslovakia just one year after the Soviet invasion. The country seemed incredibly grim and unfriendly. Crossing the Czechoslovak border into Poland was a real relief. Incidentally, my son ended his hunger strike over a wonderful Wiener Schnitzel in an outdoor caf# in Salzburg.

Q: You spent the first year as GSO and then you switched?

DEAL: That's right. At the time, I did not know to which section I might rotate. There were positions in the Political and Economic sections and at the Consulate in Poznan. Everyone thought it made sense for me to take the slot in the Economic Section. And that was ok with me; I was quite content with that.

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Q: Anything else you want to say about the Polish language course or the GSO course, for that matter?

DEAL: Well, the GSO course was essential because, as it turned out, I did not know anything about the administrative side of the Foreign Service.

Q: To step back for a minute, you had just finished your first overseas tour in Tegucigalpa. Was it difficult to get this assignment? You had mentioned before that you were looking for was an assignment to the Communist bloc; did you just express your preference and it worked out or was it more complex than that?

DEAL: No, I merely requested Polish language training, knowing that meant an assignment to Poland. Although some of my colleagues in Tegucigalpa thought I was crazy for choosing Polish, arguing that I should stay in Latin America, I really wanted to experience the Communist world. I don't recall it being difficult to get into the language program.

Q: Now when you took the language course, were you well qualified in terms of the language to use in a job in Warsaw. I assume as GSO you had to use Polish quite a bit?

DEAL: I did. I graduated with a 3/3 in Polish at the end of the course. I continued to take language lessons throughout my tour there and ended up with a 4/4 rating. Language training was one way of keeping up with developments in an otherwise closed society.

The GSO position was quite challenging. My predecessor had an American assistant, but that position was abolished before my arrival, so I was really on my own. I did have some very good Polish section chiefs, who were essential because you really had to do make do with the resources on hand. For the most part, you could not rely on outside contractors. Moreover, funds for upkeep were as usual in short supply. The building programs and everything had to be managed with staff on hand, using local currency and supplies whenever possible. We had numerous residences to care for and not enough

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hard currency resources to keep everybody happy. On top of that, the Ambassador, Walter Stoessel, a real prince, had ambitious plans to make Warsaw into a first class post with good recreational facilities for the staff. Among other things, that involved building the first-ever paddle tennis court in Europe. (None of us had ever seen a paddle tennis court before, and we had to build it to specifications brought by the Ambassador).

Q: Brought from Moscow?

DEAL: No, this was before they built the court in Moscow. The game was something that the Ambassador had seen or played in the United States. In retrospect, the whole thing was quiet amusing, although I did not think so at the time. We hired an outside contractor to do the job. This was one of the few times we used somebody from the outside.

Q: Polish contractor?

DEAL: Yes, a Polish contractor. Unfortunately, he broke his leg in the construction process, and so the GSO staff had to take over the job and get it finished. This was in the midst of one of the worst winters in Poland with temperatures dipping down to twenty-below zero for days on end. Trying to finish that job in those conditions was a real challenge.

Q: A paddle tennis court, as I understand, is essentially outdoors?

DEAL: It is a small-scale version of a tennis court. It has a high-tension fence around it, and so the ball, which is hard rubber, can be played off the fence as well as the wooden court itself. The Ambassador was right about the contribution to staff morale because it was a game you could play throughout the winter day or night. Eventually, everybody played, and there was an annual tournament.

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Q: I didn't realize that the beginning of this was in Warsaw, but I know that (and it may have been Walter Stoessel who was directly responsible) there was a rivalry or competition between the embassies in Warsaw and Moscow.

DEAL: You are right. Later on, the Embassy in Moscow built its own court, and there were contests between the two embassies.

Q: I thought there was some Polish or Russian connection to all this...interesting.

DEAL: The connection was Walter Stoessel. We did a lot of other projects that year including building a swimming pool at the residence and air-conditioning the embassy. So there was always something going on; it was quite a job. I had the fortune to work for Jim Leaken, one of the nicest people in the Foreign Service. He was the Administrative Officer, a specialist, and a real pro. He knew that I was unhappy about taking this job. So he went out of his way to make sure that I had all the support I needed. He treated me exceptionally well and contributed enormously to my promotion prospects along the way. We became good friends and remained so throughout our Foreign Service careers.

Q: And Stoessel was the Ambassador; who was the DCM?

DEAL: Walter Jenkins was the first year. I didn't have much contact with him, particularly because the Ambassador took such a personal interest in the construction projects. During my last two years, Gene Boster was DCM.

Q: Ok, anything else about your year as GSO that you want to mention?

DEAL: Well, I could probably go on for hours about my experiences in that job, but there are two vignettes worth repeating.

As you may recall, the U.S. and China had periodically carried out negotiations in Warsaw before the establishment of diplomatic relations. Late in 1969 or early 1970, Ambassador

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Stoessel received instructions from Washington to take the first available opportunity to make contact with the Chinese to let them know the U.S. wanted to start the talks again. His opportunity came at a Yugoslav fashion show at the Palace of Culture. The Chinese representative was at the show, but got up early to leave. To the surprise of all of us there, Ambassador Stoessel pursued the Chinese delegation out the room and eventually to their car, which was out of our sight. The Ambassador passed on the message. And very secretive talks commenced without the knowledge of most of us in the Embassy. After one meeting at the Chinese Embassy, the Chinese came to the U.S. Embassy on a very snowy Saturday morning. Their Red Flag car became bogged down in the Embassy driveway and was visible to every passerby. We were in Helsinki at the time visiting friends so I did not witness the incident personally. Jim Leaken said that DCM Jenkins called him in a panic because of the Chinese car being stuck in front of the Embassy. He wanted to know what was our snow removal plan. Jim, not knowing what had transpired, told Jenkins that the plan was "the same as last year." Fortunately, the Chinese were able to move their car, but by then everyone in Warsaw knew that the bilateral talks had started up again.

Another story concerns the building of the swimming pool. Unlike the paddle tennis court, we decided from the outset to build it ourselves. Pan Ryszard, our maintenance chief, was in charge of construction. In the midst of the project, Ryszard said he needed a huge amount of gravel, which for some unknown reason was in short supply in Warsaw. I turned to my procurement chief, Pan Fred, who believe it or not was a German U-boat commander in World War II who had married a Pole, for help with the problem. With his usual efficiency, he said to leave the matter to him. Days after, Polish Government trucks laden with gravel from Silesia pulled into the Ambassador's residence and dumped their load. And the building recommenced. This was one of many occasions in my time as GSO when you knew better than to ask for details.

Q: And then in 1970 you moved into the economic section for your last two years in Warsaw. What sort of work were you doing there, and how big of a section was it?

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DEAL: There were three officers in the section. Irving Schiffman was the chief of the section. I was the most junior officer in the section, but I was the best Polish language speaker. As a result, I did most of the economic reporting for the section. That involved reading tedious economic and political journals and listening to even more tedious speeches by Polish officials. The other two officers in the section, especially in my last year there, tended to focus more on trade promotion work because commercial opportunities began to open up as relations improved.

Q: To what extent as an economic reporting officer in this period from 1970 to 1972 were you able to have Polish sources; did you go to the Central Bank, the Ministry of Planning, and the Finance Ministry?

DEAL: We had few Polish sources other than authorized contacts in the Ministry of Foreign Affairs and the Ministry of Foreign Trade. In addition, we had some dealings with trading companies in connection with trade missions, catalog shows, and the like. But most of the reporting was based on analysis of Party journals and the press. Occasionally, the Ambassador or another senior Embassy officer would pick up something that we could feed into our reporting. But that was the exception rather than the rule. As I said earlier, by 1972 things began to open up some. President Nixon stopped in Warsaw on his way back from Moscow, the only high-level U.S. visitor during my tour in Poland.

Q: So, toward the end of your stay there, were you involved quite heavily in that visit?

DEAL: I was in charge of the motor pool during that operation.

Q: Back to the GSO office, eh?

DEAL: The embassy was fully mobilized for this visit. Fortunately, my role was very minor.

Q: One of the first things I did in the Foreign Service in 1958 (maybe '59) was to be involved in, at least a little bit on the side, some Polish aid talks, where we were already,

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at that time, thinking of Poland as a little bit different and unique. Partly because of the agricultural sector and perhaps for domestic and political reasons in the United States, we were treating Poland different than other Warsaw Pact, Eastern European countries. Did that continue in the period that you were there?

DEAL: The PL-480 commodity sales had ended by the time I arrived in Warsaw. They probably ended about the time of the invasion of Czechoslovakia, if not before. But the U.S. had sent a substantial amount of food aid to Poland, and Poland paid for those shipments in zlotys (the local currency), on a schedule that stretched out some thirty years. As a result of this payment schedule, the Embassy was able to offer the staff a preferential exchange rate of 65 zlotys to 1 U.S. dollar, compared with the official exchange rate of 24 to 1 under which our colleagues in the British Embassy, for example, had to operate. Whoever devised this present value scheme did the U.S. a real service. The term of art was “rear-end zloty”, which meant a payment due in, say, 1992. We drew down from the end of the payment schedule to finance local currency outlays for Embassy operations. When I was GSO, for example, we had very limited dollar funds for furniture, appliances, etc. However, we were able to offer staff the opportunity to look for things on the local market and use our staff to make drapes, lay carpet, and buy paint. All that was important for morale.

Q: You used local currency for such purposes?

DEAL: Yes. And by giving the staff an opportunity to window-shop on the local market, they learned about the very limitations we faced. Still, with our skilled Foreign Service Nationals in the GSO section to make drapes, upholster furniture, etc., we were able to stretch our limited resources and make everyone's life a little better. It was good use of the money.

Q: Ok, anything else we should say about your assignment to Warsaw?

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DEAL: Living in Poland at that time was a truly unique experience because you could see first hand, perhaps better than in any other Eastern European country, the inherent conflict between communism and nationalism. Communist ideology never penetrated Polish political thinking in the same way it did elsewhere. The Poles were not good Communists and, on a personal basis, were always friendly towards Americans. So if you could speak the language and get beyond the rhetoric, you found you had much in common with your average Polish citizen. While contacts were limited, we did make some friends through my language instructor. We knew that, theoretically at least, people we met had to report to the authorities on their dealings with us. But we just figured we didn't have anything to hide, so if they were comfortable with us, we were comfortable with them. We met a number of non-official Poles without any apparent interference from Polish intelligence. But you could never forget where you were. One unhappy incident occurred during the visit of President Nixon's advance party. A colleague, Vern Penner, who was one of three other officers who studied Polish with me at the Foreign Service Institute and worked in the Political Section, and I threw a joint farewell party for our contacts. We invited members of the President's Advance Party to the event. We learned after the fact that our friends, who had never been bothered by the UB, the Polish equivalent of the KGB, were rounded up afterwards for questioning. Some, including my wife's piano teacher, were warned not to have contacts with us in the future. It was a sad footnote to an otherwise happy assignment.

Q: Do you think that happened partly because Penner was a political officer and therefore attracted more attention from the intelligence services, and perhaps the fact that it was a reception involving the two of you...?

DEAL: To be frank, Vern behaved a little furtively at times in much of his work, and I think he probably aroused suspicions in intelligence circles. I am convinced that the reason people were rounded up after the party had more to do with Vern's work and behavior than mine. But that said, everybody who attended the party suffered to some extent. My wife

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was especially upset at losing her piano teacher because we raising our two kids and one of her only outlets was music.

Q: Were your children in school yet?

DEAL: My wife helped set up a nursery school there; she was co-chair of the nursery school with one of her close friends from the British embassy. So my oldest son, Chris, who was five by the time we left, went to the nursery school. My youngest son, Bart, was born while we were in Warsaw.

Q: There was one other post under the consulate in Poland at the time or two?

DEAL: There was one, in Poznan.

Q: Not yet in Krakow?

DEAL: No, just Poznan.

Q: Poznan. And did they do any economic reporting or did you visit there much? Did you travel around the country?

DEAL: Oh yes, we traveled quite extensively throughout the country, although certain areas were closed to American diplomats. Those closures were strictly reciprocal because we closed parts of the U.S. to Polish diplomats. I did travel to one closed zone, Gdynia, shortly after the December 1970 riots on the Baltic Coast to carry out a licensing check on some dual-use technology imported by Poland. You could still see the wreckage from the disturbances in Gdansk, which led to Gomulka's resignation as Party leader.

Q: Were you able to see people involved with it at the time or not so much... only the people you needed to see?

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DEAL: No, I did not see anyone involved in those events. As I said earlier, it was difficult to have contact with anyone except authorized journalists and officials in the various ministries. I don't believe I ever met any Party officials.

Q: The riots were in Warsaw too or only in Gdansk?

DEAL: No, the riots occurred only on the coast, although all Poles were upset about the major increase in food prices right before Christmas, which led to the unrest. Those events had historic significance because protesters in the shipyard eventually became the backbone of Solidarity.

Q: The economic issues were obviously in the forefront of much of the period you were in the economic section; I assume the ambassador was always looking for interpretation to help in understanding what was happening.

DEAL: Yes, he saw very clearly the connection between what was happening in the economy and its impact on political developments.

Q: To what extent were you interested or coordinated with other Eastern European embassies at that time? Berlin, for example?

DEAL: We read what other Embassies reported and could see, even from our limited perspective, that conditions in Poland were better than in the rest of the neighborhood. We went on a Department-sponsored trip to the Soviet Union in 1972, and the comparison between the two countries was mind-boggling.

Q: When you left in 1972, would you say that you had any kind of inkling of what was likely to happen in Poland not too many years hence?

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DEAL: I certainly wouldn't have forecast what happened in the '80s. But I think we all recognized that an important precedent had been established, namely, that popular uprisings could precipitate political change in the Communist world.

Q: What role, if any, did academics or intellectuals play in these events?

DEAL: Well, there was a small dissident movement that led to a crackdown in 1968 before we arrived in Poland. Perhaps we can pick that up later.

Q: Ok, why don't you continue on that thought?

DEAL: There was always a certain amount of resentment among Poles about the fact that the Polish Communist leadership essentially came from people who sat out the war in Russia and moved into Poland with the Red Army in contrast to those who fought in the resistance at home, had links to the exile government in London, or somehow cooperated with the Allies. You don't need much to spark anti-Semitic feelings in Poland. And the belief that many postwar Polish Communist leaders were Jewish kept that sentiment alive even though the actual number of Jews living in Poland was miniscule. In 1968, all this came to a head when nationalists associated with Home Army General Moczar launched an anti-Jewish campaign whose real target was the Communist Party leadership. The campaign had little effect on the Communists, but did lead to the departure of many of the few remaining Jews. I don't believe that the academic community and intellectuals had much influence on developments in Poland, at least during my time there. Their influence increased markedly in the 1980's when they joined forces with Solidarity.

Q: At the time you were there, Poland was largely agricultural and the farmers have always played a significant economic, but also a political role; was there an agricultural attaché? Did you spend lot of time thinking about the role of the agricultural sector in the overall economy?

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DEAL: Yes, we had a very active Agricultural Attach#, who did a lot of internal reporting. At the time, Polish agriculture was about 85 percent private and only 15 percent collective. The agricultural sector was not particularly efficient, but because it was in private hands, it had important political significance.

Q: And you would take the Attach#'s reporting into account when you'd do an overall assessment?

DEAL: Right. We had very close working relations with all sections of the Embassy including the USDA representatives.

Q: Ok, anything else about your assignment from '69 to '72 in Warsaw?

DEAL: Just a few personal notes again. Despite the occasionally grim political atmosphere and the harsh winters, Warsaw was one of our best overseas experiences. The Embassy, led by Ambassador Stoessel, was a top-notch operation, and many of the officers assigned there during this period eventually rose to the highest ranks in the Department. Living conditions were difficult, but I certainly preferred Warsaw to Tegucigalpa. Even the intelligence presence occasionally had its lighter side. For example, during the visit of the Apollo 15 astronaut team in January 1972, a planned trip to Krakow had to be cancelled because of a snowstorm. I was one of the Control Officers for the visit. The astronauts had extra time on their hands, so Ambassador and Mrs. Stoessel took them to a nightclub in Warsaw to see the local sights. Jill and I accompanied them. Naturally, UB operatives trailed after the party, but they were very obvious. Jill bet the Ambassador a bottle of wine that she could get the head of the UB team to dance with her. The Ambassador took the bet, and Jill promptly walked over to the UB team. She somehow persuaded the UB chief to dance with her, and the next day the Ambassador's chauffeur brought us a very expensive bottle of French wine.

Q: Ok, and where did you go when you left there?

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DEAL: Well, I wanted academic training in economics.

Q: Having served twice as an economic officer...

DEAL: Yes, and the Economic-Commercial Officer's course was my goal. Ambassador Stoessel wrote a good recommendation for me to the Assistant Secretary for Economic and Business Affairs that not only helped me get into the course, but also resulted in an onward assignment to that Bureau even before the course began.

Q: The economic course, at the time you took it, was 22 weeks in length? 26 weeks?

DEAL: 26 weeks, right.

Q: And it was reported to be the equivalent of an undergraduate major in economics in six months?

DEAL: Yes, and I believe it lived up to expectations. At the conclusion of the course, we took the Graduate Records Exam in Economics, and I scored in the eighty-fifth percentile. That was about par for the course and a good reflection of the quality of the teaching. It was superb, well organized course with exceptional instructors.

Q: Well, that was certainly my experience; I took the course a few years before you did but I certainly thought it was a very well organized, comprehensive, professional program. So, where did you go from there?

DEAL: As I said, I had an assignment to the Bureau of Economics and Business Affairs (EB), to the Special Trade Activity Division of the Office of Trade. Despite my good experience in the Economics course, this turned out to be one of my toughest assignments in the Service. It was my first exposure to work in Washington, and it was deadening. We dealt primarily with antidumping and countervailing duty cases, in which the Treasury, at that time, had the full authority. Our job was to inform overseas posts about these

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investigations and on occasion make a political argument for deferring action, e.g. the Foreign Minister of the country concerned was coming to Washington, etc. We rarely prevailed. My experience was made even more negative because the section chief, a really good guy by the name of Ed Kempe, was pulled away on a temporary assignment to be an aide to the Under Secretary of Economic Affairs. That left the Foreign Service Officers in the section at the mercy of a civil servant who was bureaucratic, dull, and an exceptionally poor manager. This was one of the few times in the Foreign Service when I really dreaded going to the office on Mondays.

Q: Ed Kempe replaced me in 1975 in Bern, Switzerland as Economic Counselor.

DEAL: Is that right?

Q: So he probably didn't come back to Special Trade Activities, or did he?

DEAL: Well, he returned for a while and then another officer replaced him. The first six months on the job were really hard, but the following 12 months were better primarily because I was able to work on other issues, not just antidumping and countervailing duty cases.

Q: I think Special Trade Activities may have been worse than some other parts of the Economic Bureau, but I think for a new officer, almost anywhere in that bureau in that time period, would have found it difficult because, not having served in Washington previously, you were at a disadvantage in dealing with agencies that had people well-entrenched with strong policy points-of-view. I worked in the Bureau, not in that office, but somewhere nearby in the '60s and I remember the first six months were pretty hard, as well.

DEAL: Yes, I think that's true because in interagency deliberations the Department's economic expertise didn't appear to count for much. The Department's voice mattered most when you could point to the possible political impact of some action on relations with a particular country or region.

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Q: And it was also an area where the impact you had depended a lot on people up the line and whether they were prepared to be supportive or take an interest in a particular issue or problem.

DEAL: Exactly.

Q: There was a Foreign Service officer in Special Trade Activities, probably after you had left, named Brad Bishop. Was he there with you?

DEAL: No, but he was in my A-100 class. He was very interesting and seemed more mature than most of us. I didn't know much about his background, but he always struck me as being a potential high-flyer. So, what happened later came as a great surprise.

Q: He would have been a little bit older than you. He graduated in 1954 from high school in South Pasadena, San Marino. He happened to be in the same high school class as my wife.

DEAL: Oh really?

Q: So, I never met him but well, we'll leave it at that.

DEAL: His wife was very attractive and intelligent too, which made the tragedy even greater.

Q: She went to the same high school, I believe, but was not in the same class. Maybe for the record we should say that in 1975 or 1976, there was a murder that I don't think has ever been solved, but Bishop's wife, children, and his mother were all murdered in their home in Bethesda.

DEAL: That's right, and he disappeared.

Q: And he disappeared and was never found.

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DEAL: No.

Q: Ok, anything else about your, was it two years that you were in Special Trade Activities?

DEAL: It turned out to be 18 months because I was given the opportunity to move to the Office of Eastern European Affairs in the European Bureau. Nick Andrews, who was Chief of the Political Section during my first two years in Warsaw, asked me if I would be interested in one of the two economic jobs in his office. I said yes and they were able to break my assignment in EB. At the last minute, because of other personnel changes in the office, Nick asked me to take over as Desk Officer for Czechoslovakia.

Q: And that was in 1974?

DEAL: In 1974, right.

Q: And anything special about that period? It was not too long after '68, in terms of relations?

DEAL: U.S.-Czechoslovak relations were difficult at the time, but when I joined the office the U.S. had just negotiated a claims settlement with the Czechoslovakia, which should have paved the way for a better relationship. However, at the same time, Congress was debating the Trade Act of 1974, which was to become the basic trade negotiating authority for the Tokyo Round. Senate Finance Committee Chairman Russell Long introduced an amendment to the legislation, which required that any claims settlement with Czechoslovakia should be at 100 cents on the dollar, not the 25-30 cents settlements negotiated with other countries. Furthermore, Czechoslovakia had to repay the claims in gold held by the Tripartite Gold Commission after World War II. So, whatever hopes there might have been for a better relationship were dashed in my first few months on the job.

Q: So there was no claims agreement?

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DEAL: Not at that time. A settlement would not come until years later. I did go to Prague in the fall of 1974 and met with the Czechoslovak authorities to discuss the legislation. I was relatively optimistic that the amendment would not pass, but, of course, I was wrong. The bilateral relationship went back into the freezer, and I turned to the care and feeding of Embassy Prague. Still, in looking back, I considered it a good experience since it was my first exposure to political work.

Q: Who was the ambassador to Czechoslovakia at that time?

DEAL: Bud Scherer, but he was seldom in Prague. He was in charge of the CSCE negotiations.

Q: I suppose you also spent a lot of time working with the Czechoslovak Embassy in Washington?

DEAL: Yes, we had regular dealings with Embassy officials. I attended their social events regularly, and we had a civil relationship despite the problems between the two countries.

Q: There were restrictions on air travel?

DEAL: Yes, and there were other problems as well. I had a minor part in an FBI sting operation to arrest a Czechoslovak Embassy Officer accused of spying. The bureau caught him red-handed, and he was expelled from the country. Of course, that didn't help the bilateral relationship much either.

Q: Was there retaliation?

DEAL: Undoubtedly, yes.

Q: Ok, anything else involved that you want to mention in connection with that year as Czechoslovak desk officer?

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DEAL: I think that's about it. After one year on the job, Nick Andrews asked me to take over the Polish desk in 1975.

Q: He was still Office Director?

DEAL: He was; the deputy was Carol Brown. They liked what I had done as Czechoslovak desk officer and asked me to take over the larger responsibilities of the Polish desk. We had a much active policy toward Poland at that time following a marked improvement in bilateral relations dating back to the Nixon visit in 1972. The portfolio also included liaison work with the Board for International Broadcasting, Radio Free Europe, and Radio Liberty. In that capacity, I worked directly with Jack Armitage, the Deputy Assistant Secretary who supervised the Offices of Soviet and Eastern European Affairs. Relations with the two Radios could be sensitive since they were engaged in reporting on internal developments in those countries that was often critical of the regimes.

Q: Now, the Radios were located in Munich. With whom did you deal in Washington?

DEAL: The Board for International Broadcasting provided oversight for the Radios, and I dealt regularly with their Washington representatives. I did visit Munich and met with chiefs of the various language services.

Q: When issues came up, they didn't necessarily involve only the Polish Service, correct?

DEAL: That is correct.

Q: And it just happened that the Polish desk officer...?

DEAL: I don't know how the liaison responsibilities with the Radios came to be tied to the Polish desk, but my predecessors had that role and so I followed in their footsteps. I would guess that I spent probably 30 percent of my time on issues relating to the Radios. Doing this work involved other offices and agencies because of the need to address such issues

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as the lease of transmitters for the Radios in Spain and Portugal. There was also strong White House interest in these matters.

Q: Now you were the senior desk officer for Poland; did you supervise somebody else or were you pretty much by yourself on the desk?

DEAL: Pretty much by myself. Again, there was an economic officer that covered three countries, Poland, being the most important of the three.

Q: But he would report to the deputy director of the office?

DEAL: Well, we worked together but yes, essentially, that's right.

Q: How much of your time and energy was devoted to the contacts with the Polish-American community, or Members of Congress?

DEAL: Some. As was the case with the Czechoslovak desk, I met regularly with members of the #migr# community. We had good relations with the Polish-American Congress. I went to Chicago and met their officers. Relations with Czechoslovak #migr# community were more strained because of their hard line stance, while we were trying to keep relations on an even keel or from deteriorating further.

Q: Were the Polish-American #migr#s interested in an even more improved relationship or were they generally supportive and comfortable with where we were?

DEAL: While views were not unanimous, they generally supported good relations between the U.S. and Poland. Many Polish-Americans eventually returned to Poland for their retirement years there, so there was a wholly different attitude on the part of the Polish as distinct from Czechoslovak #migr# communities.

Q: As desk officer for Poland, how about the Catholic Church; was that something, either in terms of the Vatican or otherwise...

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DEAL: Well, I didn't have anything specific to do with the Catholic Church. Of course, the Church played an important role in Polish life. And regime-Church relations were closely monitored in Washington and Warsaw, but, again, I had no special responsibility for that issue.

Q: You helped the Embassy in Warsaw and worked with the Polish Embassy in Washington. Anything else about being on the desk?

DEAL: An active desk in the Department can be very demanding and frustrating at times. For example, my closest contact in the Polish Embassy was the Political Counselor, Kaz Duchowski.

Q: In the Polish Embassy in Washington?

DEAL: Yes. He was a charming diplomat with whom I kept in touch through the 1980's. What used to drive me crazy about that job was that the phone never stopped ringing. There was always something happening. Some of the most troublesome incidents involved Polish sailors jumping ship in U.S. ports and then asking to stay in the U.S. One day Kaz Duchowski called about the latest sailor incident, and I answered "Hello" in a very annoyed voice. Kaz said, "Tim, slow down. You've got the worst telephone manners of anybody I've ever worked with; you've got to get over this stuff". It was a poignant reminder of the need for diplomatic niceties from a good friend and contact. We had to work with the Polish Embassy on a lot of these messy cases, and I had to learn to keep my cool.

Q: Okay. The ambassador in Poland was no longer Stoessel I'm sure, at that time. He was in either Moscow or maybe Bonn, perhaps. John Davis was DCM?

DEAL: Yes, and Dick Davies was Ambassador.

Q: All right. Anything else about your time in Eastern European affairs? Was the office then called Eastern Europe and Yugoslav affairs?

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DEAL: It was just called Eastern European affairs (EE).

Q: I see that you left the Polish desk job after only nine months. Why was that and where did you go?

DEAL: I went to the National Security Council (NSC) in the White House, in what became the first of three tours there. The opportunity came up out of the blue. Tony Albrecht, who was head of Regional Economic and Political Affairs (EUR/RPE) in the European Bureau and a car pool mate of Ed Kempe from EB/STA, said that Bob Hormats, who was head of the International Economic Section of the NSC, was looking for someone with trade and Eastern European experience. Albrecht asked me if I was interested in being interviewed for the position. I said "Certainly!" So I went over to the Old Executive Office Building and interviewed with Bob Hormats. The interview went well and within a couple of weeks he offered me the job.

Q: That was in 1976?

DEAL: Yes.

Q: So this was the end of the Ford administration, before the election?

DEAL: Right. Of course, we did not know then that President Ford would be on his way out in November. In any event, I did focus on trade and East-West economic issues. One of my first assignments was to write a speech for the President on trade policy. I also initiated a study on east-west economic relations that started in the fall of 1976. But with an election looming, much of the work we did was ad hoc in nature involving briefing materials or talking points for the President or his National Security Advisor, General Scowcroft. As a result, I can't point to many specific accomplishments during that period.

In early November, I began to experience the classic symptoms of angina. It turned out that I had badly blocked arteries. Tests just before Christmas confirmed that I needed

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an operation. Within weeks, I was up at the NYU Medical Center for my first bypass operation.

Q: Probably before they were doing a lot of those.

DEAL: There weren't too many places, no, and my doctor, Michael Halberstam, who was later murdered...

Q: Brother of David...

DEAL: Yes, David Halberstam of "Best and the Brightest" fame. Well, Michael Halberstam was a talented, capable doctor with impeccable connections, and he basically said I had a choice of about five centers. We just picked the one that was closest to us in New York City.

Q: Was your doctor here in Washington?

DEAL: Yes. When I first described my symptoms to my wife, she said "you had better get somebody good". One of her colleagues at the Federal Trade Commission, where she was working, recommended Dr. Halberstam, and he took me on. That was good because he had the connections to get me in with a really good surgeon.

Q: In New York?

DEAL: In New York.

Q: Let's go back, if we could, just a little bit to this first year in '76; still the Ford administration. You were working for Bob Hormats, what was his position in the NSC hierarchy?

DEAL: He was, in effect, the Senior Director for International Economic Affairs, although he did not have that exact title. He had come to work at the NSC staff during the Nixon

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period and stayed on under Ford. By the time I arrived on the scene, Bob was highly regarded within the Administration and well respected as the guru on international economic issues with political implications. So he had a very senior position within the administration. There was one other person working with me, Malcolm Butler, who ultimately went on to become a ranking official in AID. Oddly enough, Malcolm and I were in the same A-100 course, but we had never worked together.

Q: And the National Security Advisor was General Scowcroft. Did he show much interest in international economic issues?

DEAL: Certainly not as much as he did in Bush Administration. In the Nixon administration the Council for International Economic Policy was responsible for managing international economic policy issues. While that unit did not continue in Ford Administration, there was an international economic policy person in the White House.

Q: Separate from the NSC?

DEAL: Yes. So international economic issues, especially those with domestic implications such as trade, were handled through that office. As a result, General Scowcroft did not devote as much time to economic matters as he did when we worked together from 1989 to 1992.

Q: Perhaps the Office of the Special Trade Representative wasn't as strong as it later became?

DEAL: It played a major role even then.

Q: And it was involved in Eastern Europe issues?

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DEAL: No, not really. Because East-West economic relations were so political in nature and because the volume of trade was relatively small, such matters were not high on the policy agenda at that time.

Q: So you had your surgery at the end of '76, just shortly after the election. Did that keep you out of operation for a while?

DEAL: I was out about a month; of course, it was after the election and there wasn't much going on then. I had my operation in the middle of December and I was back in the office in early January for the last days of the Ford administration and then the transition.

Q: And you stayed around for a while in the Carter administration?

DEAL: Yes, one the key things that Bob Hormats had done in the Ford administration was to serve as point person (eventually called the Sherpa) for economic summits. He had helped organize the first two economic summits in 1975 and 1976. So when the White House changed hands, Bob was asked to accompany Vice President Mondale on a trip to G7 countries to talk about mutual economic problems and economic coordination. We sometimes forget how bad things were economically during those years. The Carter administration wanted to take the temperature among the G7 countries and see what could be done to improve coordination of macroeconomic policy, trade policy, and energy security.

Q: Did you go on that trip?

DEAL: No, but because of Bob's role on the G-7 trip, he was in a very solid position in the new administration and he asked me to stay on with Brzezinski's approval.

Q: You hadn't dealt with Brzezinski when you were on the Polish desk?

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DEAL: No, not at all. I was quiet fortunate to stay on because Brzezinski decided to reduce the size of the NSC staff markedly.

Q: Then Hormats moved to the State Department before too long?

DEAL: Yes, in the summer of 1977, he moved over to State to become a Deputy Assistant Secretary in the EB Bureau. For a period of a few months, I was on my own on the NSC staff, and then Henry Owen, who had been a foreign policy advisor to President Carter in the campaign and who had a role in preparing for a NATO summit that year, was asked by Brzezinski to run the economic operation in the White House. So I then worked for Owen.

Q: And he later organized the G7 or...?

DEAL: Yes, that became his major role. He had a position that was supposedly equal to Brzezinski's. In fact, anything he wrote to the President had to pass through Brzezinski. Nonetheless, his supposedly separate reporting channel caused problems for me. I essentially worked for two people because certain issues such as East-West economic relations, which were of burning interest to Brzezinski, didn't interest Henry Owen at all. He was much more interested in economic summitry, policy coordination, food aid, and energy policy.

Q: Policy coordination?

DEAL: He was involved in the coordination of international economic policy issues across-the-board including trade, aid, and energy. On matters relating to Eastern Europe or the Soviet Union, I dealt directly with the European Directorate of the NSC, headed by Reggie Bartholomew. Thus, I had my own separate reporting requirements and coordination responsibilities. Much of this work involved strategic trade, and Brzezinski had a whole coterie of advisors on those issues, including the Military Aide, Bill Odom, and Sam Huntington, who was a special advisor. The big issue at the time was Soviet oil. A CIA analysis suggested that Soviet oil production had peaked and would fall rapidly, giving

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the Soviets an incentive to increase their influence in the Middle East. The Carter White House had the idea that the U.S. could somehow gain leverage over the Soviets by making it difficult for them to obtain needed technology, such as submersible drill pumps. Personally, I thought there was some disconnect here because if Soviet oil stocks were dropping, it would have made sense to help the Soviets with technology to keep them out of the Middle East. I don't believe these two policy strands ever really came together.

In any event, I spent a lot of time on those issues, as well as the vexing Jackson-Vanik question, which concerned Jewish emigration from the Soviet Union. There were running battles between the NSC and other agencies such as State and Treasury. The Treasury, particularly, Secretary Blumenthal, wanted to eliminate the Jackson-Vanik provision from the Trade Act, which he thought made relations with the Soviet Union more complex and difficult than necessary. However, this was one of those occasions where the White House had the upper hand and a person like Brzezinski prepared to wield that power. So personal views aside, I had primary drafting responsibilities for Memoranda from Brzezinski to the President that essentially said, "Ignore the views of Secretary Vance and Secretary Blumenthal and Keep Existing Policy in place." It was a sobering experience for a mid-grade FSO.

Q: Did the Defense Department take an interest in an issue like that?

DEAL: No. This was really a case pitting Congress and Jewish interest groups, with support from the White House, against the foreign policy establishment.

Q: To what extent did you have any interaction with President Carter, or President Ford before?

DEAL: I had no direct contact with President Ford. In the case of President Carter, my one face-to-face contact with him came during discussions with the British over renewal of the Bermuda II Agreement, covering aviation relations between the U.S. and UK. I was the note taker in Carter's office during a telephone conversation with the British Prime Minister.

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Incidentally, Bermuda II was a real step backwards in terms of aviation liberalization. This restrictive agreement, which to this day limits American and British carriers' access to each other's market, was in complete contrast to open sky agreements we concluded with other countries beginning in the late 1970s.

Q: Tim, it's good to be back with you after an absence of many months. It's the 15th of February 2005 and Tim, I think we were talking last time when we finished about your assignment to the National Security Council staff during the Carter administration from '76 to '79. You worked for Brzezinski, and I think we had talked some last time about some of the things you did in that job, but I don't know if there's anything more you want to add about your assignment there.

DEAL: No. In April 1979, I concluded what was to be the first of three tours in the White House. I returned to State in May to become George Vest's special assistant.

Q: And he was the Assistant Secretary for European Affairs at the time?

DEAL: That's correct. This was supposed to be a one-year assignment. Basically, I wanted to see how other offices in the Bureau operated and become more familiar with NATO and Political-Military affairs. And this position gave me that opportunity. George Vest was a wonderful man to work for, a real gentleman. He also relied heavily on his line officers. So the job of Special Assistant provided few opportunities for independent work. The main tasks were to manage the paper flow and ensure that the Executive Secretariat on the Seventh Floor was satisfied with Bureau products, be they action memos, briefing papers, or items for inclusion in daily summary for the President. So it was a paper-pushing job, but I was working for one of the all-time pros in the Foreign Service.

Q: Okay...

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DEAL: That was really about it, I can't say much more about the position except I that enjoyed working for George Vest and continued to have good contacts with him throughout the remainder of my Foreign Service career.

Q: Well, this is your interview, not mine, but I had the same job with someone else, Arthur Hartman, and I think your description of the job was pretty much as I remember it, with a different Assistant Secretary. I worked for George Vest twice, once when he was the Assistant Secretary and later when he was Director General. I agree that he was a wonderful person and one for whom I have enormous respect.

Q: So, what did you do after EUR?

DEAL: Toward the end of 1979, Henry Owen called me and said that the member of his staff that dealt with trade issues was leaving, and he asked if I would consider returning to the NSC staff. I accepted his offer, and the Department approved the move. Theoretically, I was going back to fill the role I had before, but, in the interim, the Soviets invaded Afghanistan. Rather than trade policy, I became totally -involved with U.S.-Soviet relations, including the grain embargo, economic sanctions, and the Olympic boycott, as well as economic relations with Iran in the face of the Embassy hostage crisis. Early in 1980, Brzezinski asked Henry Owen to set up a special group to coordinate all economic matters relating to the Soviet Union and Iran. There were numerous, complicated financial and licensing questions, which required decisions at home and coordination with our allies. In the early months of 1980, that group met at the Assistant Secretary level virtually every day. Henry Owen would chair the meeting; I would coordinate the preparations for it and take notes. I would draw up a summary of conclusions immediately after the meeting and then turn them over to Gary Sick, who was the NSC staff member in charge of Iran, since most of action items concerned Iran rather than the Soviet Union. He would incorporate our group's findings and recommendations into a daily memorandum for the President. The President would respond over night, and we had our marching orders for the next day.

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These issues consumed all my time for the remainder of 1980, and I continued to work on them even after the election. I worked under David Aaron, the Deputy National Security Advisor, on a list of possible NATO sanctions, the so-called "Gray List," that were to go into effect immediately in the event of a Soviet invasion of Poland, which seemed likely at that time, according to intelligence sources. I drafted a set of instructions to agencies regarding the sanctions that Aaron signed on January 19, 1981, one day before the end of the Carter Administration.

Q: Do you have any sense looking back of why the Soviets decided not to intervene in Poland at that time?

DEAL: I think it was probably a combination of factors: (a) Afghanistan was proving more difficult to govern than the Soviets had expected; (b) the allied response to the invasion was fairly strong even with divisions in the allied ranks; (c) Poland would likely be an even tougher nut to crack; and (d) the Soviets might have expected an even more vigorous response from the incoming Reagan Administration than the outgoing Carter Administration. But all of this is really speculation on my part.

Q: How effective were the sanctions against the USSR?

DEAL: I don't think they were terribly effective. We tried without success to encourage our allies to adopt similar policies. They were strong on the rhetoric, but failed to deliver in practice. The grain embargo was almost impossible to enforce because of sales from Argentina and elsewhere. On the industrial side, French and German firms moved in after U.S. firms were forced to pull out of major industrial projects in the Soviet Union. EB Assistant Secretary Hinton came up with some imaginative ways to penalize the French and Germans, but nothing much happened because of the election and the new threat of an invasion of Poland. Economic sanctions are popular among policymakers as clearly preferable to military action. Unfortunately, such sanctions seldom prove decisive in large part because of the difficulty of organizing a truly coordinated multilateral response.

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Q: Was that your feeling with regard to the measures against Iran, as well?

DEAL: The freezing of Iranian assets clearly had a major impact and did give us some leverage over the Iranian regime. One could argue, of course, that the seizure of those assets prolonged the hostage crisis. In the end, I believe it was the right thing to do even though these problems have not been fully sorted out some 25 years after the events.

Q: The assets?

DEAL: I believe some of those assets are still frozen, and there may still be problems with military equipment paid for but not delivered, among other things. I haven't followed these matters closely since then.

Q: How about the campaign, the election period? Of course, you had a case where an incumbent President was running for re-election. To what extent, were you, as a member of the NSC staff, wrapped up into campaign or political matters?

DEAL: Very little. The NSC staff really played no political role other than preparing Q's and A's on issues likely to arise in the campaign.

Q: Ok, anything else you want to say about the Carter period and then I guess I'd like to next ask, how long did you stay through the transition and into the new administration of President Reagan?

DEAL: As I said, the final action in the Carter administration with which I was involved was the drafting of the Soviet sanctions memo in the event of an invasion of Poland. That, in effect, became my starting point with the new Administration. NSC staff from the Carter White House met with the incoming National Security Advisor, Richard Allen, on January 19, 1980. Allen informed the staff that there would be major personnel changes and that agency detailees should plan on returning to their home office and others should seek new employment. After the meeting, I mentioned to Allen that I had been working on the

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sanctions project and asked him whether he wanted my help while they assembled their team. I noted that I already had an ongoing assignment in the Foreign Service for the coming summer.

Q: In the following summer?

DEAL: Yes. Allen said, "Come back on the 21st and continue to manage that portfolio for us". Well, lo and behold, after having dismissed most of the staff, it turned out there were only two of us, Jim Rentschler and I, who had the necessary security clearances. As a result, over the next week or so, Jim and I divided the "world."

I was involved in issues for which I had had no responsibility before including Soviet political affairs and Central and South America. I organized the first two cabinet-level meetings of the NSC in the new Administration, taking the notes and ensuring necessary follow-up actions. The main issues on the agenda then were the Soviet threat to invade Poland, Polish debt, and Central America, the latter due to campaign commitments to do something about curbing the alleged arms flow from Cuba via Nicaragua to El Salvador. It was rather odd to be involved in these matters in a new Administration, attending Cabinet-level meetings, taking the notes, and seeing President Reagan in operation, such a different person than...

Q: Than President Carter?

DEAL: Than President Carter, yes, absolutely. In the first meeting, he made it abundantly clear that, if necessary, he was going to take out any aircraft coming out of Cuba, carrying arms into Nicaragua. I recall taking the notes and then consulting Richard Allen afterwards about whether he wanted those comments in the official record, which I thought would not necessarily be wise. He agreed and said, "Don't put that in the record then."

I was involved in another matter involving Central America as well. My wife, who had joined the Arnold & Porter law firm in 1979, worked closely with Paul Reichler, an attorney

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who, among other things, represented the Sandanistas in Washington. About 10 days into the Administration, just by chance, Paul and his wife invited Jill and me to dinner at his house. Since I knew of his role regarding Nicaragua and that he was on his way to Managua to meet with Daniel Ortega, I called the State Department and spoke with Deputy Assistant Secretary Jim Cheek in the Latin American bureau. I told him I was having dinner with Reichler and asked if there were any kind of message I should pass on to him in light of his forthcoming trip to Managua. He said yes and gave me some talking points, the gist of which was that Reichler should tell Ortega, "These guys are serious about stopping the gun-running into El Salvador."

Q: These guys, meaning the new U.S. administration?

DEAL: Right. And the Nicaraguans had better take these warnings seriously or it was "going to come down on their heads." I dutifully passed this message on to Reichler. Within days, a searing NODIS message came in from our ambassador in Managua saying, "It's only two weeks into this administration and already there is a separate line of communication that's been established with the Sandanistas. Who's doing this and why?" When Richard Allen saw the message he called me over to the White House and asked, "How in the hell did this happen and what was your role in it?" I explained to him what had happened, that I had operated on the basis of talking points supplied by State, which had thought it a good idea to pass on a tough message to the Sandanistas. Well, Jim Cheek took it upon himself to square matters with our Ambassador in Managua, assuring him there was no any separate line of communication. At about the same time, the Nicaraguan ambassador in Washington called me and asked for a meeting. I said, "No." I just wanted to get out of this mess. After a few weeks, the matter was cleared up. But I had a post mortem with Allen who wanted to know how I become acquainted with Reichler in the first place. I said, "My wife works with him at a law firm here in Washington." He said, "Which law firm?" I said, "Arnold and Porter". He said, "That's a pinko law firm!" That was the day I figured it was about time to move on.

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Q: That's a good story. I think, it seems to me what happened, is not that unusual: a Washington lawyer representing a foreign government or any foreign party is going to try and find out what is coming up, what the situation is, to advise his clients and that's essentially what he did.

DEAL: Yes, he certainly did.

Q: You took a little initiative maybe more than Allen might have wished or expected, but not an unusual one.

DEAL: I didn't think so. I was impressed by how forceful the new people in the Administration were about the situation in Central America and thought people on the ground should know that.

Q: It was certainly a big issue; I remember I was in Washington at the time in those early months of the Reagan administration. How quickly did the NSC staff get clearances to take up their jobs? You said there were just you and Jim Rentschler to start with.

DEAL: People were in place, particularly in the key areas such as Soviet affairs, within a few weeks. Even then, some of the new staff did not have the clearances yet, so Jim Rentschler and I continued to do the organizational work for meetings. Certainly by the middle of March or so, I found myself underemployed. In April, I concluded my second tour at the NSC and began preparing for my oncoming assignment to London.

Q: Was there a transition team at the NSC, as there was at the State Department before January 20th?

DEAL: Yes there was. I didn't have much to do with them at the time. Henry Nau, who eventually became head of the economic directorate of the NSC, was there in a transition capacity.

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Q: Some of the transition people at the State Department, I'm thinking of one and I can't quite remember his name, I think went to the NSC when the new administration came in. He was a Soviet expert, very hard-line; who am I thinking of?

DEAL: Richard Pipes.

Q: That's whom I was thinking of. He was on the transition team at State.

DEAL: Again, I really didn't have much to do with him other than turn over to him the work on Soviet sanctions.

Q: Ok, anything else about your 2nd time at the NSC?

DEAL: No, I think that's about it.

Q: And where did you go after that in the spring or summer of '81?

DEAL: By that time we had been in Washington nine years. My wife had gone to work for AARP in about 1973 and, after a year, moved to the Federal Trade Commission. While at the FTC, she started law school at nights. From the FTC, she went into private practice with Arnold and Porter. So we were both exhausted from Washington and wanted to do something different. While at various times during those years I had toyed with the notion of leaving the Foreign Service and doing something else in Washington, Jill and I ultimately decided an overseas assignment might be the best course. We thought our two boys, Chris and Bart, would benefit from such a change. So while the Carter Administration was coming to a close, I began to look at overseas options where Jill could put her legal skills to use and I could do something reasonably interesting. There weren't a lot of good choices at the FSO-3 level. The job as Energy Attach# in Embassy London looked the most promising so I applied for it and was selected. We left for London in the summer of 1981.

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Q: Ok, why don't we talk about that job just for a minute? That's mainly working with the oil companies in London?

DEAL: Yes, in the 1970's the UK became a major oil producer. The British were not members of OPEC and were, therefore, considered reliable suppliers. With high oil prices, there was a lot of interest in energy issues generally and the UK in particular. I did not have any special expertise or background in energy issues, but I learned quickly and ended up enjoying that position.

In 1981, the Department introduced a new personnel system, establishing the Senior Foreign Service. I took the first opportunity to compete for the Senior Foreign Service and I was promoted to the new rank of Counselor that year. As a result, I was really too high a grade for the Energy Attach# position. DCM Ed Streator, Economic Minister Bob Morris, and Economic Counselor Mike Boerner thought I would be a good candidate to replace Boerner when he took over for Morris as Economic Minister in summer 1982. The Department concurred, and I received the assignment as Economic Counselor. In the spring, Mike Boerner was medically evacuated to Washington, and I took over the Economic Counselor's slot on an acting basis. Then Bob Morris departed post on schedule so that within the space of five weeks I went from being Energy Attach# to Acting Economic Minister. Over the course of my tour in London, I would eventually serve as Acting Economic Minister for over a year.

Q: And then eventually there was a new Economic Minister?

DEAL: The new Economic Minister, Jim Stroymayer, arrived in the fall of '82. Before his arrival, we had the huge controversy with the British and our other allies over the proposed Soviet natural gas pipeline to Western Europe. Following the Versailles Economic Summit, the Reagan Administration had imposed economic sanctions to stop the pipeline. British firms such as John Browne had a big stake in the project, and the U.S. through extraterritorial measures attempted to block their activities in the USSR. This became the

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most serious rift in U.S.-UK relations for many years and threatened to end the "era of good feeling" between the Thatcher and Reagan Administrations. Prime Minister Thatcher was outraged by the decision and made her views known loudly and often.

Q: Directly to the President too, do you think?

DEAL: Directly, I'm sure. It was a very difficult period for us in the Embassy. The British press was absolutely rabid about the issue.

Q: So you were dealing, not just with British government, but with the British business community and press as well?

DEAL: Yes. I had the misfortune of having to inform the Chairman of John Brown about the sanctions, and he practically exploded out of his chair. The Ambassador and DCM entrusted me with press briefings to explain the rationale for the decision. The loonier parts of the British press concocted incredible conspiracy theories and put me in the center of the plot. I certainly learned a lot about dealing with the foreign press.

Q: What other major issues were there during those years?

DEAL: Throughout my tour in the UK, we continued to have serious differences with the British over the extraterritorial application of U.S. laws. The Soviet pipeline episode was the prime example, but earlier fights over U.S. antitrust activities had led Britain to pass legislation in the late 1970's, the Protection of Trading Interests Act (PTIA), which, when invoked, blocked the application of U.S. laws on British companies or British subsidiaries of American companies. The British invoked the PTIA during the Soviet pipeline dispute.

Another sensitive extraterritorial issue that infuriated Prime Minister Thatcher was the Laker anti-trust case. This involved an alleged conspiracy by U.S. and European airlines to do in Laker Airlines, whose low prices were cutting into their market share. The conspiracy supposedly took place in Florida. It involved a meeting among airline officials who reached

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agreement to tell Boeing and Airbus, the principal aircraft suppliers, that if they continued to provide generous leasing arrangements to Laker, then the carriers would not buy aircraft from them any longer.

The Justice Department launched a criminal antitrust investigation. The Embassy needed to be informed about developments in the investigation including hearings before a Grand Jury. But the judge in the case would not allow the transmission of information to the Embassy through normal State Department channels because too many people would have access to grand jury information. So there was a special arrangement whereby a designated person in the European Bureau at State would pass on the information to me personally, and I could brief the Ambassador and the DCM, but no one else including the Economic Minister. Ultimately, on the advice of the DCM and me, the Ambassador called President Reagan and asked him to terminate the antitrust investigation, which he eventually did. It was only the second time in American history that a President had overturned a Justice Department criminal antitrust investigation.

Extraterritorial disputes continued to plague the bilateral relationship. We were concerned not only about past disputes such as the pipeline and Laker, but ongoing negotiations over money-laundering in places like the Cayman Islands where such matters as bank secrecy and intelligence-sharing were important considerations. Consequently, I worked with an Assistant Secretary in the British Foreign Office to develop a procedural solution to the problem. We eventually came up with the idea of a "hotline" between the Deputy Secretary of State and his counterpart in the British Foreign Office to provide the other side advance warning of a possible extraterritorial dispute.

Q: Ok, you were Acting Economic Minister and Economic Counselor, which is kind of the number two position in the economic world of the embassy in London. There are sections and agencies within the economic portfolio. Did you have to spend a lot of time coordinating, administering, and managing all of that?

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DEAL: Yes, in the Economic Counselor's job I had four sections reporting to me. When I served as Acting Economic Minister, I had a general supervisory responsibility for other agencies as well. My dealings with other agencies, such as Treasury, were cordial. I don't recall any particular problems with the other agencies; things generally went smoothly. Again, I had two stints as Acting Economic Minister once in 1982 and again in 1983 after Jim Stromayer became ill and eventually died.

Q: Ok, I was starting to ask whether there were many issues involving the Economic Section of the Embassy that related to the British role in the European community of the time?

DEAL: Not very much. That was not an issue we followed that closely. Of course, Britain's role in the European Community has always been a sensitive political problem, and we did a certain amount of reporting on Britain's demands for compensation from the EC budget, for example. But as far as the larger Trans-Atlantic issues involving the EC and the U.S., we primarily had a watching brief.

Q: Of course the other thing that anybody who has served in Embassy London ever, and certainly during this period like all other periods, is that you had a lot of visitors and that took up a lot of your time and energy. Were those opportunities, as you saw them, more than handicaps or difficulties?

DEAL: Well, they were time-consuming and painful, at times, but, for the most part, I think they were rewarding and interesting. You did meet some people that you would not normally have contact with, both private individuals, as well as Members of Congress. And Administration visitors were frequent, of course. A post such as London will always have its share of official visitors and, while burdensome, they are also necessary and worthwhile.

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Q: I was ambassador to Cyprus at that time ('81 to '84), and Bob Hopper was in the political section, I guess he was my main point of contact when I came through several times, because it was far easier to get to Cyprus through London than any other way. I was there for a Chiefs-of-Missions conference, I think it was December of '83, and Secretary Shultz was there. I think that was the first time I had seen him in action. I was very impressed with how he conducted that meeting.

DEAL: Speaking of Secretary Shultz, I want to recall a meeting he had with Prime Minister Thatcher shortly after I had taken over as Acting Economic Minister in 1982. Before the ill-fated Versailles Economic Summit, which led to the Soviet pipeline fiasco, President Reagan sent George Shultz to G-7 capitals to consult with leaders in advance of the summit. On my first day as Acting Economic Minister, we had a briefing for him and drinks with Ambassador Lewis. The next day I accompanied Shultz to the Prime Minister's residence at Chequers to meet with Mrs. Thatcher and the Economic team in her cabinet. It was the first time that I had seen Mrs. Thatcher in action. We arrived at Chequers ahead of the Ambassador, because she wanted to meet with George Shultz alone. When we arrived, she said very cordially to her Private Secretary, Michael Scholar, "Michael, why don't you take George's friend (meaning me) and show him around, and George and I will talk about this matter of the economic summit". And they met alone about an hour. At that point, she rushed out the room where they had been meeting with a copy of the draft Economic Summit communiqué and ran up to the Secretary of the Cabinet, Robert Armstrong, and said "Robert, the 'Japs' aren't going to get away with this again! I want the language changed in this communiqué!" Then she immediately turned on her charms and greeted her Ministers and the Ambassador. I was really taken aback by her performance on that occasion. We then had a working lunch. During the lunch a number of helicopters started landing on the front lawn of Chequers carrying members of the War Cabinet. Mrs. Thatcher excused herself and said that she would turn the meeting over to the Chancellor of the Exchequer, Geoffrey Howe, since she had to go upstairs and meet with the war cabinet. The Chequers meeting took place while the Falklands War was underway. At the

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time, I thought it had something to do with the decision to sink the Argentine battleship, the Belgrano, but Michael Scholar subsequently told me it was about another important military matter, but not the Belgrano.

Q: It certainly was related to the Falklands War?

DEAL: Yes.

Q: I think George Shultz, in his book, devotes quite a number of pages to that trip he took for President Reagan, and I think it was not too long afterwards that he was asked to become Secretary of State.

DEAL: That's right. It was just a few weeks later that he got the call, when, ironically enough, he was back in London on a private visit.

Q: Ok, anything else about London?

DEAL: Well, I worked very closely with the DCM, Ed Streater, throughout my tour. He had a small group that met every Monday in his office to plan the weeks' reporting, and I took part in those meetings. In addition, Ed and His wife Priscilla hosted some wonderful representational dinners. Jill and I took every opportunity to attend these affairs, even on one day's notice, when, for example, one of the guests had dropped out. We met some fantastic people there and learned from the Streators a style of entertaining that we put to good use when I returned to London as DCM in 1992. In Ed's final year as DCM there, he was under consideration for a number of ambassadorial appointments and finally accepted the ambassadorship to the Organization for Economic Cooperation and Development (OECD) mission in Paris. By training and interest, he had been a Political-Military Officer, but he had picked up a lot of economics during his stay in London. We talked a lot about the job, and when he was called back to Washington, he asked me to draft a paper about a possible new U.S. approach to the OECD.

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Q: For the record, what does OECD stand for?

DEAL: The Organization for Economic Cooperation and Development. It is the successor organization to the one that implemented the Marshall Plan.

Q: Based in Paris?

DEAL: Based in Paris. So, I drafted the program for him. He liked it and took it back with him to Washington. It was eventually approved by Allen Wallis, the Undersecretary of State for Economic Affairs. It became the roadmap for the kinds of initiatives that we would take at the OECD. And it was at this time that Ed asked me if I would be his DCM at the OECD mission.

Q: And he had been DCM in London for how long?

DEAL: I think it was almost seven years. He left in '84 and went to Paris, and so in my last year Ray Seitz was DCM. I worked very closely with him on a lot of those extraterritorial questions that I mentioned earlier,

Q: Ok, do you want to say anything more about London or is that pretty well it?

DEAL: That's pretty well it. Certainly from a personal standpoint, it was my most rewarding overseas assignment. And London was great for my family. It was a wonderful time, and I was lucky to spend four years there.

Q: And Jill had employment?

DEAL: She had a difficult time finding a job initially, but she got the rare opportunity to work for a British company, GEC (the British General Electric), a major defense and telecommunications company. Initially, she worked on a part-time basis, but it quickly

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became a full-time job in their legal department providing help with their American subsidiaries and working directly for the General Counsel of the firm.

Q: And your children liked the school?

DEAL: Yes. They both attended the American School in London. My oldest son, Chris, graduated from the American School, and my youngest son, Bart, went through the four years of middle school there.

Q: And even though it's the American school in London, they probably know something about the British system and...?

DEAL: Some. I don't think they had any special classes on British politics or society.

Q: O levels or A levels or anything like that?

DEAL: No.

Q: So then you went as Deputy U.S. representative to the OECD in Paris in the summer of '85.

DEAL: Correct.

Q: And Ed Streator was the U.S. representative, the Ambassador.

DEAL: Yes.

Q: Now there have traditionally been two deputies in that mission.

DEAL: There was such an arrangement in the past, but by the time I arrived there was only one Deputy. There was a senior Treasury officer in the mission, and at times past, the Treasury person had been the DCM.

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Q: Now Ed Streator had already been there a year when you arrived?

DEAL: Right. In 1984 and 1985, my first year at post, we tried to put in place the reforms recommended in the roadmap.

Q: So, some of those things had already gotten started?

DEAL: Ed had brought an official from the Labor Department on a detail to deal with the structural reforms including budget and program priorities. So, yes, much had already been done by the time of my arrival. I spent the vast majority of my time there on management issues, running the mission, and dealing with my counterparts in the other G-7 countries. We had an informal consultative network among the G-7 countries at the OECD. Probably the most difficult job I had was overseeing our relationship with COCOM [Coordinating Committee for Multilateral Export Controls], which was also located in Paris. That was the organization that dealt with Western export controls to the Soviet Union and Eastern Europe. Relations with the Secretary General, who was an Italian, were especially prickly because of the hard-line stance the U.S. had adopted on the export control issue at the behest of the Defense Department. While I could not do much about the policy, I did try to make our working relations with the Secretary General and other COCOM countries as smooth as possible given the high priority the Administration had attached to the export control question.

Q: How did COCOM come to be the responsibility of the U.S. Mission to the OECD?

DEAL: I don't the origin of this setup. Certainly, COCOM could have been the responsibility of the Embassy Paris, but, in fact, it fell to the U.S. Ambassador to the OECD. American officers at COCOM were listed as members of the U.S. Mission to the OECD, even though they didn't work there.

Q: How about the Paris club? Did that come under the OECD?

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DEAL: No, I certainly saw a lot of people from State and other agencies dealing with the Paris Club debt issues, but we had no responsibility for them.

Q: And that's true of UNESCO [United Nations Educational, Scientific and Cultural Organization] too?

DEAL: Yes. It was an entirely separate mission, which closed its doors in 1985 because of the U.S. withdrawal from UNESCO.

Q: How about relations between the OECD mission and the Embassy Paris; did you have to spend much time on that?

DEAL: I did because the Embassy provided all our administrative support. So on matters of housing, assignments of personnel, finance, etc. we had to work very closely with the Administrative Section of the Embassy and the DCM there as well. We had a very good, cordial relationship. It would be easy in certain situations to end up as a second-class citizen, but that was never the case with Embassy Paris. We got all the support we needed.

Q: One of the other traditional functions of the OECD is related to the coordination of developed country positions in trade negotiations and other international economic issues. You mentioned you were part of a group of G-7 country representatives that would work together. Did you get into trade negotiations during much of that period?

DEAL: Well, the OECD is one of those international organizations where the real players come from capitals, not the mission to the organization. Much of the coordination and consultation that we had with other country representatives, including the G-7, primarily involved approaches being developed in capitals.

Q: Who was the Secretary General of the OECD when you were there?

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DEAL: Jean-Claude Paye. He was a very senior French economic diplomat. He was distinguished, impressive, and intelligent. Among other things, he had been Chairman of the Paris Club and the equivalent of our Under Secretary for Economic Affairs in the French Foreign Ministry.

Q: And was there a senior American on the OECD secretariat as well?

DEAL: Yes, Jack Myerson. Traditionally there has been an American Deputy Secretary General at the OECD. We kept in contact and he was supportive of our reform initiatives. He was also helpful with the perennial budget problems that the U.S. has with international organizations.

Q: From 1973 to 1975, I was Economic Counselor in Switzerland in Bern, and at that time, there was something called the ECSS [the Executive Committee in Special Session] of the OECD, and it happened to be chaired at the time by a Swiss official. I remember meeting with him fairly often on issues related to that body; I don't know if that continued during your time there.

DEAL: It continued, and it had a fairly high profile at one time. But by the time I had arrived at the OECD, it had lost much of its importance. I believe that as the Economic Summit process became more formalized with numerous preparatory meetings, G-7 Summit teams took up the work previously carried out by the ECSS.

Q: You mentioned before that much of what happens at the OECD involved people from capitals that come to the meetings and served on the committee. Did you feel at times that you were basically running a travel agency or hotel service for visitors, or could you and the Mission be involved in substance?

DEAL: It was difficult to take part in any meaningful substantive work. In general, I believe it is difficult to be a diplomatic mission to a think-tank or to have much of a role in the policy debates at home. To the extent you have good relations with the agencies in Washington,

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you can play a useful supporting role, and I think we did. We had good working relations in Paris with our counterparts in other missions at all levels. However, the real players came from capitals, and it was our primary responsibility to help them prepare for those meetings and support them while in Paris.

Q: Ok, anything else you want to say about your time there from '85 to '88? Was Ed Streater the Ambassador throughout that period?

DEAL: No, he was there for the first two years, and then Denis Lamb replaced him in my final year.

Q: Denis Lamb had similar background to you, right?

DEAL: Yes, he was an Economic Officer with extensive experience at the OECD.

Q: He certainly had been involved with it in Washington.

DEAL: Not only in Washington, he had also served on the staff of the U.S. Mission to the OECD.

Q: Ok, anything else you want to say about that time in Paris?

DEAL: Well, I should mention that we lived in a beautiful apartment overlooking the Bois de Boulogne. After leaving London, Jill took a position with Rogers and Wells, a law firm with which she was associated until 1992. Chris went off to the University of California at San Diego. Bart attended the American School in Paris. We had some good times in France, especially one summer vacation in Provence, but after three years I was ready to leave.

Q: Ok, and then in 1988, you came back to Washington in what position?

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DEAL: I came back as Director of the Office of Eastern European and Yugoslav affairs (EUR/EEY). I put in bids for that position as well as Director of the Office of Regional Political and Economic Affairs (EUR/RPE). But I wanted a break from economic issues so my strong preference was for EUR/EEY. Tom Simons was the Deputy Assistant Secretary for Eastern European and Soviet affairs. We had worked together in Poland. He was in the Political Section while I was in the Economic Section. So, they welcomed me with open arms in that job. During the last few months of my stay in Paris, I went on an official visit to countries in Eastern Europe where I had not been before, namely Yugoslavia, Bulgaria, and Romania.

Q: Ok, this was not too long before a lot of things happened, but I don't know to what extent you were anticipating the fall of the Berlin wall and all that happened?

DEAL: Well, we certainly weren't anticipating change of that magnitude. However, in the fall of 1988 the Polish government began negotiations with Solidarity in what became known as the Roundtable Talks. I visited Warsaw in November 1988 just as the talks were about to begin. It was around that time that I asked my desk officers for Poland to develop a set of initiatives that we might announce in the event of a breakthrough in these talks.

I had intended to stay in the EEY job for two years, although hoping I might be chosen at some point for a Deputy Assistant Secretary position in the European Bureau. But the election in 1988 changed all that. Brent Scowcroft and Bob Gates were back at the NSC. Bob and I had been colleagues together on the NSC staff in 1976-78. I contacted Bob, who offered me a position in the International Economic Directorate of the NSC. Of course, I really wanted to be the head of that directorate. Bob told me that they planned to hire a banker to head the office, but that he would need someone like me with policy experience. That made the position more attractive, and I thought there always the chance that the appointment of the banker might fall through. While on the face of it, this might

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have appeared as a sideways move from a career standpoint, I thought it was worth the risk. I accepted the offer and returned to the NSC for a third time.

Q: And when was that?

DEAL: March 1989.

Q: Well, before we leave Eastern European and Yugoslav Affairs in the Department, let me just ask you whether you had contemplated a program to deal with political change in the other countries of Eastern Europe in addition to Poland?

DEAL: While I was at State the primary focus of attention was Poland, although the effort expanded to other countries after I left the Department. I should mention a few other things. At NATO in the fall of 1988, I co-authored the U.S. contribution to a NATO study, which established the principle of conditionality in Eastern Europe, that is, political and economic reforms must go hand in hand to win Western financial support. That became the policy that helped shape the NATO and Economic Summits of 1989. In January 1989, I accompanied Senators Hatfield and McClure on a visit to the “bad guys” of Eastern Europe, Bulgaria, Romania, and Czechoslovakia. In that same month, Tom Simons initiated a policy review towards Yugoslavia, because there were already rumblings of major political change in Yugoslavia, but not necessarily of a positive nature. Milosevic was talking in jingoist terms about a Greater Serbia. However, I left the Department before completion of the study.

Q: Ok, anything else about your time in Eastern European and Yugoslavia Affairs; that was not very long?

DEAL: No, I was in the Department for only nine months.

Q: And then for the third time, as you said, you went to the National Security Council, and how did that job evolve or develop? Initially you were a deputy to this banker?

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DEAL: Well, the banker never took the position. He may have decided not to go through all the hassle of paperwork and security clearances. So for one month then I was acting head of the Economic Directorate. In April, Deane Hoffman, who was a CIA officer serving on the National Intelligence Council, took over as Senior Director. From the start, relations with him proved very difficult, and matters would come to a head in the fall.

On arrival at the NSC in March 1989, the first thing I did was to pick up the work I had initiated at State dealing with Poland and the other countries of Eastern Europe on a possible U.S. response to political change in the region. I worked closely with Bob Blackwill and Condi Rice in the European directorate of the NSC on an economic aid package. (I had to work behind the back of Hoffman because he favored an entirely different approach to political change in Eastern Europe). We obtained approval for a \$100 million program for Poland, which eventually became the Polish-American Enterprise Fund. The objective of the Fund was to help fledgling entrepreneurs launch private sector projects in the country. Similar funds were subsequently established for Hungary and Czechoslovakia.

Q: Did there need to be American involvement in particular projects to receive financing from this fund?

DEAL: Well, there was a board that consisted of individuals selected on the basis of their experience in banking, finance, and development. They were the ones who approved the projects.

Q: But there didn't need to be an American partner in a particular enterprise?

DEAL: No, the notion was really to give a boost to private Polish enterprises, which were just beginning to emerge in the wake of the collapse of Communism.

Q: And the program worked well, did it not?

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DEAL: It worked extremely well in the case of Poland, but was less successful in Hungary and Czechoslovakia. The \$100 million in the Polish Fund has been repaid many times over and the money channeled into other investments. This was one of those rare instances in government work where you could see concretely the end result of a policy initiative you had started.

Q: And the timing couldn't have been better.

DEAL: No, that's right.

Q: Let's come back to the bureaucracies of what you were doing. You mentioned the person who had come from the CIA. Did you eventually then take that position?

DEAL: Well, as I said earlier, relations with Hoffman were difficult at the best of times. We had fundamental differences over how to respond to political change in Eastern Europe and the USSR. I had had to work behind his back on the Polish-American Enterprise Fund. In September, my mother died unexpectedly, and I had to go to California to deal with disposal of her remains and her house. When I came back, the working situation became even worse. Finally, I went to Bob Gates, the Deputy National Security Advisor and said "Bob, I'm sorry, this is just not working out. I'll stay until March (one year) and then move on; it's not your fault, I just can't work with this fellow". And he said, "Hold on a minute. We've got some changes in mind. Don't do anything yet. Just wait a bit". About three weeks later, as I recall, one of Hoffman's initiatives was to dispatch a team of American businessmen and American officials to Poland to talk about private enterprise and doing business in the post-Communist world. I believe he actually obtained approval for the idea, but then on his own, without clearing it with Brent Scowcroft or Bob Gates, he ordered an aircraft to take the businessmen and officials to Poland. That was enough. Brent fired him that afternoon.

Q: Your boss?

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DEAL: Yes. So once again I became Acting Senior Director. After three weeks or so, Brent called me at home, and said, "I'd like you to be Special Assistant to the President and Senior Director for Economic Affairs". That was in November of 1989.

I was given authority to hire my staff. I kept Eric Melby, who had worked on trade issues on the NSC staff in both the Reagan and Bush Administrations. I hired Rich Barth from Commerce to handle export controls and technology transfer. And Treasury agreed to detail Meg Lundsager to my office to deal with debt matters and foreign assistance.

Q: At that point you were involved in far more than just European matters?

DEAL: That is correct. One of the main functions of that position was to be part of the three-member team for economic summits. I became one of the "Sous Sherpas" for the economic summits. I was the White House person on the team. The Sherpa was Dick McCormack, the Undersecretary for Economic Affairs at State, and the third person on the team was David Mulford, the Undersecretary for International Affairs at Treasury.

Q: So, you would meet periodically with your counterparts from the other G-7 countries in preparation for the summits?

DEAL: We usually had four or five preparatory meetings per year.

Q: Okay, we're resuming the foreign affairs history interview with Tim Deal, Timothy E. Deal. It's May 19, 2005. We're picking up after about a three-month interval. Tim, I think we were talking last time about your assignment as Special Assistant to the President at the White House, as Senior Director of the International Economic Affairs directorate of the National Security Council (NSC) from 1989 to 1992. I would suggest we talk about a couple of things: one, the preparations for the Group of Seven (G-7) summits. I think we did talk some about that; I don't know if there's anything more that we can say about

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that first, and then secondly, about your responsibilities during the Gulf War and the role that you played there. So, maybe we can start out briefly talking about the G-7 economic summits.

DEAL: I participated in the preparations for three summits: Houston, London, and Munich. I attended two summits, but missed Munich because I had left the NSC by then. The advance preparations usually involved four or five preparatory meetings to establish the agenda and begin drafting work on the summit communique. I think the Houston summit was especially interesting in that we were the hosts. As a result, we had responsibility for organizing the event and drafting the communique, a truly tedious process, as I came to learn. In any event, by the time of the Houston Summit, we had resolved most of the contentious issues with the exception of trade issues and the environment. We reached agreement with our G-7 partners on the trade issues under the good leadership of Jules Katz, who was brought down from Washington to assist in this effort.

Q: He was, at the time, Deputy Special Trade Representative?

DEAL: That's correct, he was number two in the U.S. Trade Representative's office under Ambassador Hills. I took the responsibility for coordinating the communique language on the environment. We had problems there with both the UK and Germany. On the first day of the summit, I had a working dinner with the German Sherpa team. We reached an agreement on compromise language, which, for our part, included an initiative on forests, a Presidential objective. The British learned of our deal and were greatly annoyed that we did not include them in the process. Negotiations on the environmental language lasted all night the day before the summit was to end. At the end of this negotiating session we still had some "bracketed language" (i.e. differences of opinion), which we had to leave to the G-7 leaders themselves to resolve. The next morning, Prime Minister Thatcher took the lead in the discussions, proposing compromise language that we had submitted. So the meeting broke up on a positive note.

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Q: Let me ask you a question about Houston before I forget about it. You were not really involved in the logistical, physical arrangements, the social events of the schedule, things like that?

DEAL: No, that's right. A business executive, Fred Malik, took on the organizational responsibilities, working with the City of Houston and local civic organizations.

Q: Let's talk about the following year, which was what year?

DEAL: The Houston summit was 1990. In 1991 the summit was in London. Bob Zoellick had replaced Dick McCormack as the Sherpa. We had four or five preparatory meetings and went through a process similar to the 1990 cycle. The only difference this time was that the G-7 leaders had invited Soviet leader Gorbachev to take part. So there was a G-7 meeting that covered the traditional issues. Then Gorbachev joined the G-7 leaders and made a presentation on the Soviet economy. Russia has since become a regular participant in the Summit process and this year (2005) is acting as host.

The next year, 1992, was in Munich; as I said, I didn't participate in the summit itself, only in the preparatory meetings. The Germans used the summit process to highlight the importance of unification. I think most notable, to me at least, was not so much the substance of the discussions, but the opportunity to see parts of East Berlin and Eastern Germany that had been, in effect, off limits to Americans. One meeting took place in what had been the official residence of former German Democratic Republic (GDR) President, Eric Honecker.

Q: Was it in Potsdam?

DEAL: It was in the city of Berlin proper. Our wives did have a tour of Potsdam. There is a tradition that spouses of the Sherpa teams are invited to one of the preparatory meetings. In 1991, that special meeting was in Hong Kong. In 1992, it was in Berlin. In any event, my wife saw some interesting sights, while we haggled over communication language. They

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passed by the Soviet army barracks. Jill reported that it was a horrible, sad-looking place with Soviet soldiers waiting to be repatriated to Russia. The Russians appeared to be stringing out the process, while the Germans wanted them out as soon as possible.

The last summit preparatory meeting I attended was in Rügen, a Baltic Island that had been part of the GDR. We stayed in what had been guest quarters for high party officials. The local citizenry looked on this summit troupe as if we were from another planet.

In the end, I was glad to be moving on. The summit process is exhausting; and I really question whether these events are worth the effort. Summit preparations tended to involve four or five overseas trips in the space of a three-month period. They always occurred over weekends. So you ended up dragging yourself into the office on Monday, when everyone else was fresh from a weekend break.

Q: Is there anything else that you wanted to say about the economic summit process?

DEAL: While not really part of the summit process per se, I should say something about the negotiations in early 1990 to establish the European Bank for Reconstruction and Development (EBRD) since the U.S. Sherpa team conducted those negotiations with staff support from State and Treasury. The EBRD was a French initiative led by President Mitterrand's close aide Jacques Attali. We met four or five times in early 1990 (on top of all the summit preparatory meetings!) to negotiate the Articles of Agreement and decide the Presidency and location of the bank.

It was quite a spectacle to see representatives from former Communist countries sitting around a negotiating table with their Western counterparts as well as some "unreconstructed types" from the Soviet Union. Lively discussions ensued when, for example, the Czechoslovak representative, a future Finance Minister and Prime Minister, offered to establish the EBRD's headquarters in Prague "since we have an old Museum of

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Communism that we no longer need.” On another occasion, a new Romanian delegation arrived to applause after the overthrow of the Ceausescu regime in Bucharest.

The negotiation of such issues as the Soviet right to borrow was contentious, and we even had differences within our own delegation on that and other matters.

The final preparatory meeting was especially unusual at least for the U.S. delegation. It followed on the heels of an economic summit-planning meeting, which we held in Paris to avoid duplicative travel for the Sherpa teams. The last two issues subject to a vote concerned the selection of a President and the location of the Bank. Attali wanted the Presidency for himself and was opposed only by the former Dutch Prime Minister Onno Van Rudding. The French also wanted to locate the Bank in Paris, but realized they could not have both. So the compromise solution was for Attali to become President and the Bank to be located in London. On the last day of the meeting, Dick McCormack claimed to be exhausted from chairing the summit meeting, while David Mulford had to bow out because of a scheduled trip, I believe, to Japan. As a result, I was left as acting head of the U.S. delegation and cast the deciding votes for Attali and London. I always wonder whether I had the legal authority to cast those votes since I was only a White House Staff Member and not an Under Secretary subject to Senate confirmation. Well, that is ancient history now.

Q: Let's turn now to the Gulf War.

I was out in California on vacation when the Iraqis invaded Kuwait. I came back to Washington and immediately sought a meeting with Bob Gates. I stressed to him the potentially adverse economic implications of the invasion. It took Bob a few days before he gave me the go-ahead to draft an action plan.

The first thing I did was propose an interagency study on the utility of economic sanctions, in other words, would they put pressure on Saddam Hussein to pull his troops out of Kuwait? The Deputy Secretary of the Treasury, John Robson, took charge of the effort.

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We worked through the Labor Day and produced a report about the middle of September. Our study concluded that economic sanctions alone would not drive Saddam out of Kuwait. At best, the impact of those sanctions would not be felt for 12-18 months. Our political masters were not happy with that conclusion so they ordered us to label the study “draft” and shelve it since it was inconsistent with the Administration's public line that economic sanctions would have a great impact on Iraq, perhaps obviating the need for military action.

Another area where I was actively involved concerned the financing of the Gulf War. Toward the end of August, while the sanction study was underway, Deputy National Security Advisor Bob Gates, called together a small group to look into the question of providing financial aid to the front line states: Egypt, Jordan, and Turkey. The group met at the Deputy Secretary level with participation by State, Defense, Treasury, and OMB. Bob Gates chaired it, and I acted as its Executive Secretary. We reached agreement on a plan that Treasury Secretary Brady and Secretary of State Baker would make visits to allied states and seek financial support for the front-line states most impacted by the invasion. Brady led a team to Germany and Japan. I accompanied Secretary Baker to Egypt, Saudi Arabia, and the United Arab Emirates (UAE). We also met with the Kuwaiti Government in exile in Taif, Saudia Arabia. During our preparations for these trips, Secretary Baker came up with the idea that, in addition to seeking funds for the front line states, we should seek financial support to cover our military costs. That notion became part of talking points for the two trips. As a result, during the final quarter of 1990, the Desert Shield phase of the operation, we collected \$9 billion from our Allies, Germany, Japan, Saudi Arabia, Kuwait, and the UAE. That figure became significant in shaping our financial demands for the war itself.

In January 1991, around the time that the air war began, there was a meeting scheduled in New York between Treasury Secretary Brady and either the Japanese Finance Minister or Prime Minister. The agencies agreed that we should approach our allies again for financial support in the “shooting phase” of the conflict, Desert Storm. Defense proposed

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that we ask Japan for \$15 billion. State suggested \$6 billion. The two Departments were at loggerheads. Bob Gates asked me to come up with a formula before the meeting with the Japanese. I asked OMB for their estimate of the daily costs of the war. OMB gave me a ballpark estimate of \$500 million a day. I projected those costs forward for 90 days and came up with the figure of \$45 billion. I then prorated the \$45 billion among the five contributing allies based on what they had given in 1990. Japan's contribution under this formula was \$9 billion for the first quarter of 1991. I sent the proposal over to Gates on a Friday afternoon. Jill and I went out to eat at a Japanese restaurant that night where Gates tracked me down. He said the President liked my formula and that I should get Defense and State on board the next day, which I did. Our allies, especially the Germans, wondered how we came up with those figures, but all ultimately paid. Thus between September 1990 and March 1991 we collected \$54 billion. In the first quarter of 1991, the U.S. ran a current account surplus, the only time that has happened in modern times. The British wanted a cut of the money we had collected from Japan to cover their troop costs, but I told the UK Cabinet Office that the British would have to approach the Japanese on their own.

Q: It was a profitable war then?

DEAL: Well, the contributions ultimately matched quite closely our total outlays for the war. Congress became very interested in the effort and demanded that Defense provide Congress a monthly accounting of the costs. Members of Congress wanted to know where the money came from and how it was being spent. So the Administration provided Congress monthly reports for a period of time.

Q: So, the \$54 billion was the combination of the \$9 billion for Desert Shield and \$45 billion for Desert Storm?

DEAL: That's correct. Since the war ended so abruptly, we did not make any further fund-raising efforts.

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Q: It helped that this was a clear case of aggression that pretty much unified everybody across the spectrum, which was quite different than Gulf War II. I don't think anybody thought very seriously about trying to raise that kind of money.

DEAL: No, I don't think such an effort would have succeeded this time. In 1990-91, there was great appreciation abroad that the U.S. had taken the military lead. The monetary contributions were concrete evidence of that international support.

Q: The discussions that you were involved with primarily related to this, the financing aspect, as opposed to whether countries would contribute personnel, troops...

DEAL: That's right. I was not involved in the military questions. One other thing that was very much on our minds was the possible burden on the American public. So, collecting the money was an essential part of that exercise. But we also wanted to make sure, for example, that oil prices did not skyrocket. There was, of course, a spike in oil prices immediately after the invasion, but they dropped just as quickly as they rose. During the fall of 1990, we made plans for drawing down the Strategic Petroleum Reserve and conducted a test run, which worked well. We also coordinated with the International Energy Agency (IEA) to put their emergency-sharing scheme into operation. We had these measures prepositioned so that when the air war started the drawdown on the Strategic Petroleum Reserve began and the IEA sharing mechanism went into effect. Prices spiked again, but because of these actions, they dropped very quickly to normal levels.

Q: Ok, anything else related to the Gulf War and its effects?

DEAL: I don't think so.

Q: I see from your notes that you headed a Vice-Presidential task force that succeeded in reducing regulatory obstacles to the issuances of licenses for the export of strategic goods and technologies. Could you elaborate?

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DEAL: During the Bush Administration, I chaired the NSC's Policy Coordinating Committee (PCC) on Technology Transfer, which operated at the Assistant Secretary level. Shortly after taking over as Senior Director, I won approval for a State Department proposal to streamline the export control list. The Joint Chiefs carried out a major study of controlled technologies, which concluded that many of the existing controls on dual use goods were unnecessary. Work on those issues continued throughout the administration. The PCC met every two weeks to deal with the technology transfer agenda. I must say that we had a cordial working relationship among the agencies in contrast to the bitter wars over export controls during the Reagan years.

One major issue in the export control area that arose in 1990 concerned a Soviet proposal to build a fiber optics network across the country. A U.S. and a British firm were in competition for the project, which had major intelligence implications. I worked closely with the Deputy in the British Cabinet Office to coordinate positions. I brought together the head of the National Security Administration and its British counterpart in Washington to work on a strategy. Ultimately, the two governments decided to block the two companies participation in the project, a decision announced by President Bush and Prime Minister Thatcher.

Toward the end of the Bush administration, the Vice-President was put in charge, along with the Counsel to the President, Boyden Gray, of a major interagency effort to streamline regulations. My contribution to that effort was a proposal to simplify the export licensing process. I had a rather ambitious objective in mind, which was to consolidate the various export control lists, and assign licensing approvals to one agency, Commerce, because of a steady stream of complaints from the business community about inordinate delays in obtaining such licenses. Complaints about the State Department's handling of goods on the Munitions List were particularly bitter. Unfortunately, Reggie Bartholomew, the Under Secretary at State in charge of these matters, strongly objected to this notion of transferring control of licenses for goods on the Munitions List to Commerce. And so, my

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initiative, which had broad support within the White House, did not lead to the degree of deregulation for which I had hoped because of objections from State with the support of DOD.

Q: You mentioned that the Vice President headed this effort. That was Vice President Quayle?

DEAL: That's right.

Q: Did you work a lot with his office?

DEAL: Occasionally, but this is the one exercise that stands out in my mind.

Q: Ok, anything else about your time at the White House from 1989 to 1992?

DEAL: I probably should say something about the Enterprise for the Americas Initiative.

Q: Please go ahead.

DEAL: One Friday morning in 1990, General Scowcroft called me over to this office and said that the President had decided to "do something" to help Latin America. Brent asked me to transform that very general request into a concrete program. I called together a group of people at various agencies to brainstorm about a possible initiative for Latin America. We came up with a list that included free trade, debt relief, liberalization of investment rules, etc. and circulated a framework paper to that effect. When my Sherpa colleague, Treasury Under Secretary Mulford, heard about the project, he went ballistic, saying the NSC should stay out of what were Treasury's line responsibilities. I didn't see how free trade was a Treasury preserve, although debt relief and investment clearly were that department's responsibility. In any event, Mulford got Treasury Secretary Brady to intervene with General Scowcroft, and Treasury took on the task of crafting the program. Treasury kept a tight lid on the project, but General Scowcroft kept me in the loop and sought my advice on the various proposals under consideration. Eventually, this

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developed into what became the Enterprise for the Americas initiative. This ultimately provided the policy framework for the negotiations of a Free Trade Agreement with Canada and Mexico, NAFTA.

Q: Okay, where did you go from the White House?

DEAL: Well, in my final year at the NSC I began to look at possible onward assignments. One thing I had always tried to do in my Foreign Service career was to pick places where Jill might have the best chance to continue her legal work. She had been able to find good positions in all of my overseas assignments after Warsaw. The Ambassadorial list for what would be an election year did not look promising, and I knew that in many places it would difficult, if not impossible, for the wife of an Ambassador to work, especially in any high-profile legal position. So I thought I should look for a posting at the DCM-level at a place where we both might do something interesting. London seemed the ideal choice. I recalled the tenures of Ed Streater and Ray Seitz and my own previous assignment there and thought the DCM's job offered the kind of intellectual and management challenge that I was looking for. So at the conclusion of the Economic Summit in London in 1991, I spoke with Ray Seitz, who was Ambassador there and told him of my interest. He was in complete accord because he said he wanted a DCM with an economic background. So the usual negotiations then began with the Department, leading ultimately to my selection for the position. I went to London in the summer of 1992.

Q: Ok, let's talk about London then.

DEAL: In London, I had the benefit of working for two pros: Ray Seitz, who was the first and only career person ever to hold the position as U.S. Ambassador to the Court of St. James's, and Admiral Bill Crowe, the former Chairman of the Joint Chiefs of Staff. In essence, this was a much more traditional Foreign Service assignment than, for example, my tours at the NSC. In large missions such as London with a staff of 500 plus, the DCM's role is overall coordinator and manager. Ray Seitz, who was on his third or

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fourth assignment to the UK, was simply the best Political Officer in the Embassy. He had impeccable contacts going back to his first assignment, where he was the primary liaison with the Conservative Party.

Q: And his second assignment, as I recall, to London was also in the Political Section. He was very much involved in the Zimbabwe negotiations and maybe some other things at that time. So, he certainly knew the Foreign Office, as well as the foreign policy community.

DEAL: And he had been DCM as well. Ray was extremely well wired into all aspects of the British political scene, and there was not much you could tell him about the UK that he didn't already know.

With Ray in the lead, we had a very talented team in the Embassy. For my part, initially I was involved with some specific issues related to the Gulf War, in particular, questions over the extension of the “no fly” zone in southern Iraq. We had differences with the British over how far that line should go and I worked very closely with Pauline Neville-Jones, who at that point was Deputy Cabinet Secretary. We reached an agreement on a way to extend the line to the Western border of Iraq to close any possible gaps, an issue of great concern to Washington.

On the representational side, I took on responsibility for increasing our contacts with the Labor Party and some junior Ministers within the government with whom Ray did not have much contact. That outreach paid off when Labor came to power.

Q: Did you have contact with Tony Blair?

DEAL: No, I didn't know Blair, but over my four years in London I became acquainted with Labor politicians who eventually became Ministers of State in Blair's government, the second echelon in most of the major Ministries.

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The two most important substantive issues during my watch were the Northern Ireland question and Bosnia. We had quite a difficult time when the administration changed after the 1992 elections. Ray Seitz was popular with the American community, which joined the British government in lobbying for him to stay in London. In fact, he did stay for the first eighteen months of the Clinton administration, which is a true credit to his personal standing in both Washington and London. In any event, he was bound to be replaced at some point.

Early in 1993, while Ray was still Ambassador, the White House under National Security Advisor Tony Lake and NSC Counselor Nancy Sodeberg embarked on a new approach to Northern Ireland. This approach involved direct contacts with Sinn Fein, the political wing of the Irish Republican Army (IRA). Among other things, the White House took the unprecedented step of inviting Sinn Fein to St. Patrick's Day events in the U.S. Such actions were very controversial in London and opposed by Ray, who took the position of the British government that this was a matter that needed to be solved by negotiations, but not negotiations with "the terrorists".

The problems that started in Ambassador Seitz's tenure actually worsened after the arrival of Admiral Crowe because the White House continued to run its own Northern Ireland program with no meaningful input from State or the Embassy.

Q: Was the reason for that situation partly because Ambassador Seitz had made very clear his adamant opposition to that kind of approach and perhaps the feeling that...I think he even publicly made known his feeling...he couldn't be trusted to carry out a different approach, a different policy?

DEAL: Possibly, but the unfortunate thing is that the situation continued under Admiral Crowe even though he had been selected for the Ambassador's position by the President himself. Suffice it to say, this was a matter totally out of the State Department's control. No one in State had any significant say in the matter. The British Government had a hard

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time understanding that we were completely out of the loop. We had some unfortunate and embarrassing incidents where we were basically told by the White House to let Gerry Adams of Sinn Fein use our secure phone in the Consulate in Belfast to communicate with Lake and Sodeburg, conversations to which we were not a party. That was just typical of the whole thing.

Q: There were issues of technique and style, but that is the way the White House chose to operate.

DEAL: That's right. On the other hand, perhaps what was done ultimately paved the way for the progress on Northern Ireland that came later. Once George Mitchell became involved, the process became more orderly.

Q: But that was after you left, right?

DEAL: Well, Mitchell began his mission while I was still in London.

Q: And as DCM did you supervise the Consul General in Belfast and the other posts (there aren't too many in the UK anymore)?

DEAL: Yes, we had posts in Belfast and Edinburgh.

Q: Where did the Consul General in Belfast figure in the operation?

DEAL: The Embassy and the Consulate General were in full accord. Of course, the Consul General's position was especially uncomfortable because he could see first hand what was happening. Relations with the Protestant parties were especially difficult.

Q: And the British government was unhappy too, as you indicated?

DEAL: Yes.

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Q: And they expressed that, I suppose, in different ways to the White House, as well as to you?

DEAL: Yes, but we heard their complaints at all levels. Traditionally, relations between the White House and the Prime Minister's Office have been close, but they became quite tense because of Northern Ireland.

Q: Who was the Prime Minister at the time?

DEAL: John Major. Again, as I said, once George Mitchell became involved in the process, tensions eased. I sat in on Mitchell's initial meetings with Major and his team. The British respected him and began to believe that the U.S. would be more even-handed than in the first part of the Clinton Administration.

Q: And the Embassy London felt that it was in the loop and more aware of what was going on? . DEAL: Well, we never really felt that we were in the loop, but the process was more transparent and less secretive. George Mitchell was more balanced in his approach and took account of the multiplicity of interests involved, not just the views of Sinn Fein.

Q: Did he work out of the State Department?

DEAL: Yes, I believe so.

Q: All right, let's talk about some other things that happened in the period from '92 to '96 that you were in London. I noticed that there was a big staff reduction at Embassy London. What was your involvement in that effort?

DEAL: Well, as DCM, I, of course, oversaw the reductions, but I had the able support of my Administrative Counselors. It was the usual situation: State cuts back its overseas positions at the same time as other agencies are adding staff. Nonetheless, we managed to reduce staff over time without really affecting core operations. Both Nick Baskey and

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Lynn Dent, the two Administrative Counselors who had primary responsibility for framing the proposals, were pros and made it possible to carry out this reduction in a sensible way.

Q: You talked some about your relationship with Ambassador Ray Seitz. Let me ask you before we leave him, he left that position in '93, early '94?

DEAL: 1994, yes. He stayed on for the first eighteen months of the Clinton Administration.

Q: Okay, after leaving his post in the Embassy Ambassador Seitz stayed in London and worked on a book on the bilateral relationship. How did he conduct himself in London? Was he discreet and careful?

DEAL: Absolutely. He kept out of the public eye, quietly working on his book in 1994-95. He never saw himself as an alternative voice of the United States in London. He was very diplomatic in that regard. After the 1995, his public profile increased. He gave some marvelous interviews to the BBC about U.S.-UK relationship akin to Alistair Cook, but from the UK side of the ocean. By the second year he also became more active in the business world. He served on a number of boards and had a senior full-time position with Lehman Brothers. So, as a result, we never really saw much of Ray and his wife Caroline. They did give us a farewell dinner, but that was one of the few occasions that we met after he left the Embassy.

Q: And were you there when the book came out?

DEAL: I am not sure when the book came out.

Q: It did attract press attention, at least certain aspects of it.

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DEAL: Yes, it did. Ray was especially outspoken on the subject of Northern Ireland, criticizing the Administration and Ambassador Smith in Dublin for the conduct of U.S. policy.

Q: Admiral Crowe came in as the new ambassador in 1994. He was a political supporter (fairly rare in the retired military) of Bill Clinton's campaign in the 1992 election. He, of course, had been Chairman of the Joints Chiefs of Staff and Commander in the Mediterranean (southern command). He was very experienced. How did he set up his relationship with the DCM, and how did your role change? You had been charge d'affaires, I suppose, for a period of...

DEAL: About a month. Well, it was a very smooth transition. He may not have known a lot about the State Department, but he certainly knew a lot about government. He had worked, of course, at the highest levels of the U.S. Government and was very familiar with the interagency process. He allowed me to continue to manage day-to-day Embassy operations, as most DCMs do, and he chose the issues that he wanted to be involved with. He took a strong interest from the start in the Northern Ireland question. He functioned very much like a career Ambassador. He respected the opinions of people and didn't try to run things on his own. He had close contacts with John Major's government and used them to good effect. He was especially active on the speaking circuit. He probably gave more speeches and public appearances than most of his predecessors. He presented a good image of the U.S. He was well liked and respected by the staff and the British. Obviously, he did not have the rich in-country experience of Ray Seitz, but he was a quick learner and very able. He was in charge of an Embassy with high morale despite the personnel reductions.

Q: To what extent were you involved in defense issues such as defense sales? Did that change when the former Admiral came to the mission?

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DEAL: No, our approach on advocacy efforts was the same under both Ambassadors Seitz and Crowe. From the outset, I believe we needed a coordinated approach within the mission to be effective. I took lead responsibility for bringing together the appropriate agencies, e.g. Defense, Commerce, and deciding how we could best support U.S. contractors in the competition for defense sales to the British Government. In many cases, I made a direct appeal on behalf of the U.S. contractor to the Ministry of Defense and Foreign Office. We were quite successful in my time there, winning about four or five major competitions in the defense procurement area.

Q: Most of the conversation we've had so far has been about things in London. To what extent did you or others in the Embassy travel around the United Kingdom?

DEAL: Well, the Embassy staff traveled much more than I. Both Ambassador Seitz and Crowe had active speaking programs throughout the country. While I made a few public appearances, I felt it was my job to mind the store at home. As is true of all Embassies, we tried to gather views about what was happening around the country. And we used speaking opportunities to explain U.S. policy priorities. Aside from Northern Ireland, we probably did less political and economic reporting from the provinces than might be true in another country because of the centralized nature of the British Government.

Q: You mentioned earlier that one of the reasons that Ambassador Seitz was interested in you to be the DCM in '92 was because of your economic background, which was obviously very extensive. I'm not sure if we've talked too much about economic issues. To what extent were you involved? There was a very large, and I'm sure able, economic section.

DEAL: Well, I was involved, but perhaps not as deeply as I had originally expected. Internal management consumed most of my time in London. I did some public speaking on international economic issues. And I generally fielded the requests for media comments on economic and trade issues, whereas both Ambassadors tended to address political matters such as Bosnia or Northern Ireland. I followed the activities and reporting from

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the Economic Section quite closely. In my last year in London, I lost both my Economic Minister and Economic Counselor due to unexpected retirements and reassignments. Consequently, in addition to being DCM, I took on the role of Acting Economic Minister during the last nine months of my tour.

Q: Did you and others in the Embassy spend an awful lot of time on matters related to Britain's participation in the European Union?

DEAL: We participated in a lively debate among missions in Western Europe about Britain's role in the EU. In 1994, I attended a Chief of Missions' conference in Brussels in place of Ambassador Seitz, who was about ready to leave post, where European integration was a major item on the agenda. Stu Eizenstat, whom I had known from the Carter White House, was, as the U.S. Ambassador to EU Commission, the principal spokesman for the view that deeper European economic integration was in the best interest of the U.S. Perhaps, reflecting to some extent British views, I tended to take the more skeptical approach supported much to my surprise by Ambassador Harriman in Paris. The debate continued on and off throughout my four years in the UK. I had the feeling then, as I do now, that the UK does best in preserving a degree of independence from many of the policies espoused by France and Germany. And I am not all sure that the U.S. should endorse every European action to integrate their economies further. I believe we need to look first at how U.S. interests are affected. Depending on the issue, closer economic integration in Europe may or may not be good for the U.S. Our support for European economic integration has deep political roots, but the situation today is far different than in the 1950's when the integration process was in its infancy.

Q: One of the things that struck lots of us over the years is the number of visitors that come to London. The visitor load may be greater than any other embassy in the world. Do you want to say anything about that in the time that you were there?

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DEAL: The visitor load was indeed heavy. We had two Presidential visits. The Secretary of State came four or five times. And other Cabinet members made regular appearances. But we had an experienced local staff and top-notch Administrative Counselors, and most of these visits went off without a hitch.

Q: Good. Anything else about your four-year tour?

DEAL: I should mention something about Bosnia, the other big issue on my watch in addition to Northern Ireland. EUR Assistant Secretary Holbrooke had a game plan for involving DCMs in the five-Party talks on Bosnia. In principle, this was a good idea, but it was difficult to execute in practice. The problem was the flow of information and the tendency for Holbrooke to deal directly with the Political Directors in the countries concerned. We weren't really kept in the loop, although the British, and I assume others, thought we were. It was fine when the meetings took place in London, but when they occurred elsewhere we frequently did not know what had been discussed. It was frustrating to say the least. I did host a number of meetings and working luncheons for U.S. negotiating teams and their British counterparts. I believe we could have contributed more actively to the promotion of U.S. policy initiatives if we had been better informed. I suppose this way of doing things is the new reality in American diplomacy.

In any event, early in 1995, I started having heart problems once again, which, after many fits and starts, led to bypass surgery in May. The illness and recovery essentially sidelined me for many weeks.

Q: During that period, who acted as DCM?

DEAL: Tom Gewecke, the Economic Minister.

Q: Ok, anything else about London?

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DEAL: No, looking back over that time, I believe the health issue put a damper on what should have been (and was) one of the most interesting jobs I've ever had. The change in Ambassadors midway through my tour also was not what I had expected either. Because of the Washington connections that Ray Seitz and I both had, we felt much more engaged and involved in the foreign policy process during the Bush Administration. The 1992 election changed that to some extent. Bill Crowe had personal lines to the White House, but it was still a much more difficult operating environment for the Embassy in 1993 to 1996.

Q: Well, it certainly could have been worse.

DEAL: Of course. And you could do things in London as a DCM that you could not do in many other places. You could invite people as diverse as John Cleese and P.D. James to your dinner parties, and they would come willingly. The entertainment side of the job proved enjoyable and rewarding. We made some lifelong friends in the process.

Q: Ok, and that ended in '96, and what happened then?

DEAL: As I said earlier, I knew that in not seeking an ambassadorial assignment in 1991-92 that the position in London would likely to be my last Foreign Service assignment since I was not likely to be promoted to Career Minister from that job, no matter how large or important the mission. I expected it to be my last post and it was. So during my last few months in London, I started thinking about the future. I returned to Washington in June 1996. I took the Department's outplacement course and, while at the Foreign Service Institute, lined up future employment.

Q: And you've been Senior Vice-President of the U.S. Council for International Business in Washington since 1996?

DEAL: Yes. I retired from State on August 31, 1996, and began work the next day as head of the Washington office of the U.S. Council. I am also on the Board of Directors for two

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life insurance companies that are subsidiaries of a major British insurer. The Directors' positions flowed from contacts made with the British business community during my time in London.

Q: Ok, well, thank you very much Tim. I've enjoyed these conversations, and sorry that it's taken this long. I see that our first conversation was in November 2004; well, we haven't done too badly. I've taken two years for some others. Thank you very much; I'll stop here.

End of interview